

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

State Compliance Examination
For the Year Ended June 30, 2022

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



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NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
State Compliance Examination
For the Year Ended June 30, 2022

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NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
State Compliance Examination
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Lisa C. Freeman
Executive Vice President and Provost	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer (July 1, 2021 through April 20, 2022) Interim (from May 1, 2022)	Sarah Chinniah James Cofer
Vice President for Administration and Finance and Chief Financial Officer (from January 17, 2023)	Dr. George Middlemist
Vice President for Research and Innovation Partnerships	Gerald Blazey
Vice President and General Counsel	Bryan Perry
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement and Regional Development	Rena Cotsones
Vice President for University Advancement	Catherine Squires

Financial Staff

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

NIU Board Members

Chair	Eric Wasowicz
Vice Chair	Rita Athas
Secretary	Montel Gayles
Trustees	Robert W. Pritchard John R. Butler Dennis L. Barsema Veronica Herrero
Student Trustee	Jacob Sommer

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



NORTHERN ILLINOIS UNIVERSITY

**Division of Administration
and Finance**

June 15, 2023

CliftonLarsonAllen LLP
1301 West 22nd Street – Suite 1100
Oak Brook, IL 60523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Northern Illinois University (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 period ended June 30, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, the University has materially complied with the specified requirements below.

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

Yours truly,

Northern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Lisa Freeman
President

SIGNED ORIGINAL ON FILE

Dr. George Middlemist
*Vice President for Administration and Finance
and Chief Financial Officer*

SIGNED ORIGINAL ON FILE

Bryan Perry
General Counsel

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
State Compliance Examination
Compliance Report
For the Year Ended June 30, 2022

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.

ACCOUNTANTS' REPORT

The Independent Accountants' 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 Report</u>	<u>Prior Report</u>
Findings	16	18
Repeated findings	13	14
Prior recommendations implemented or not repeated	5	2

Schedule of Findings

Current Findings

Item No.	Page	Last/First Reported	Description	Finding Type
2022-001	9	2021/2020	Inadequate Internal Controls over Census Data	Material weakness and material noncompliance
2022-002	11	New	Inadequate Internal Controls over Revenue Recognition	Significant deficiency and noncompliance
2022-003	12	2021/2012	Inadequate Internal Controls over Contracts	Significant deficiency and noncompliance
2022-004	14	2021/2005	Failure to Submit Proper Time Reporting	Significant deficiency and noncompliance
2022-005	15	2021/2018	Lack of Annual Performance Reviews	Significant deficiency and noncompliance
2022-006	16	2021/2018	Inadequate Controls over I-9 Forms	Significant deficiency and noncompliance
2022-007	17	2021/2019	Inadequate Controls over Employee Terminations	Significant deficiency and noncompliance
2022-008	18	2021/2018	Subsidies between Accounting Entities	Significant deficiency and noncompliance
2022-009	19	2021/2020	Noncompliance with the Illinois Articulation Initiative Act	Significant deficiency and noncompliance
2022-010	20	2021/2020	Lack of Annual Employee Trainings	Significant deficiency and noncompliance
2022-011	21	2021/2021	Untimely Reporting of Auto Accidents	Significant deficiency and noncompliance
2022-012	22	2021/2021	Inadequate Controls over Procurement Card Use	Significant deficiency and noncompliance
2022-013	23	2021/2020	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant deficiency and noncompliance
2022-014	25	2021/2021	Inadequate Controls over Terminated Employee User Accounts	Significant deficiency and noncompliance
2022-015	26	New	Weaknesses in Cybersecurity Programs and Practices	Significant deficiency and noncompliance
2022-016	27	New	Disaster Recovery Planning Weaknesses	Significant deficiency and noncompliance

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
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Compliance Report
For the Year Ended June 30, 2022

SUMMARY OF FINDINGS (Continued)

Prior Findings Not Repeated

Item No.	Page	Last/First Reported	Description
A	28	2021/2017	Enrollment Status Reporting
B	28	2021/2020	Information Technology Risk Assessment Not Performed
C	28	2021/2020	Higher Education Emergency Relief Fund Reporting
D	28	2021/2019	Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act
E	28	2021/2015	Inadequate Controls over Property and Equipment

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Jason Askin, Controller, on June 5, 2023. The responses to the recommendations were provided by Jason Askin, Controller, in a correspondence dated June 9, 2023.



INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Trustees
Northern Illinois University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Northern Illinois University (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, 2022. 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Trustees
Northern Illinois University

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied 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 specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the University during the year ended June 30, 2022. As described in the accompanying Schedule of Findings as item 2022-001, 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, 2022, 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 2022-002 through 2022-016.

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 compliance 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Trustees
Northern Illinois University

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 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 a material weakness 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 deficiency described in the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

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 in internal control described in the accompanying Schedule of Findings as items 2022-002 through 2022-016 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Trustees
Northern Illinois University

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

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 15, 2023

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-001 – Inadequate Internal Controls over Census Data

Northern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 financial statements.

During testing, we noted the following:

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

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 2021.

NORTHERN ILLINOIS UNIVERSITY
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Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

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

University officials indicated the 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 a staffing shortage during its year-end peak time. Finally, they indicated the incorrect birth date appeared to be an isolated data entry error.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 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 and accurately reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

University Response

Accepted. The University currently has real time processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems. The University has established a corrective action plan to address the audit recommendation and has prioritized its full implementation during the current fiscal year.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-002 – Inadequate Internal Controls over Revenue Recognition

Northern Illinois University (University) did not have adequate internal controls over the recognition of revenue and unearned revenue during the fiscal year ended June 30, 2022.

The University did not properly recognize unearned revenues earned during the year from the sale of tickets and facility rental agreements related to athletic events. The effect of this misstatement in the University's financial statements was an overstatement of current liabilities of \$733,160 and an understatement of auxiliary revenue of \$836,705 with an offsetting understatement of expenses of \$103,545. The University posted an audit adjustment to correct these errors in its financial statements as of June 30, 2022.

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraph 16, states revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 23, states revenue from exchange transactions generally should be recognized when an exchange, in the ordinary course of operations, is effected unless the circumstances are such that the collection of the exchange price is not reasonably assured. Accordingly, revenues from exchange transactions should generally be accounted for at the time a transaction is completed, with appropriate provision for uncollectible accounts.

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. Effective internal controls should include procedures to ensure adherence to accounting principles generally accepted in the United States of America and the appropriate presentation of revenue amounts reported in the University's financial statements.

University officials stated this error was isolated to athletics unearned revenue and occurred due to oversight caused by turnover within the athletics department.

The failure to properly recognize revenue in the proper period could result in material misstatement in the University's financial statements. (Finding Code No. 2022-002)

Recommendation

We recommend the University implement controls to ensure unearned revenue is properly recognized as it is earned in accordance with accounting standards.

University Response

Accepted. The University has internal controls to ensure that revenue is properly recognized as it is earned in accordance with generally accepted accounting principles. This was an isolated and immaterial error related to athletics unearned revenue. The University will retrain department staff to ensure that unearned revenue is appropriately reconciled and recognized in accordance with generally accepted accounting principles.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-003 – Inadequate Internal Controls over Contracts

Northern Illinois University (University) has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable State requirements.

During our review of 40 contracts for the year ending June 30, 2022, we noted the following:

- Seven contracts (18%) totaling \$165,359 were not approved prior to goods or services being provided. The contracts were executed between 8 to 105 days after the commencement of the services or the receipt of the goods.
- Five contracts (13%) totaling \$436,540 were filed with the Office of the Comptroller late. The contracts were filed between 264 and 444 days late.
- One contract (3%) totaling \$25,000 did not obtain the vendor certification agreement prior to the approval of the contract. The certification agreement was signed 72 days late.

During our review of 3 lease agreements in which the University was the lessor, for the year ending June 30, 2022, we noted one lease (33%) totaling \$18,318 was not signed prior to the commencement of the lease. The lease was executed 3 days after the commencement of the lease.

The Illinois Procurement Code (30 ILCS 500/1-15.30) and the Illinois Administrative Code (44 Ill. Admin Code 4.15) define a contract to be all types of State Agreements, regardless of what they may be called, for the procurement, use, or disposal of supplies, services, professional or artistic services, or construction or for leases of real property for which the State is the lessee, or capital improvements, and including renewals, master contracts, contracts for financing through use of installment or lease-purchase arrangements, renegotiated contracts, amendments to contracts, and change orders.

The Illinois Procurement Code (30 ILCS 500/20-80) requires all contracts that do not obligate funds held in the State treasury to be submitted to the Comptroller in a form and manner prescribed by the Comptroller. Accounting Bulletin 251 issued by the Comptroller's Office specifies the quarterly report must include all contract activity during the reporting period of the report and must be submitted within 30 calendar days after the close of the reporting period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure contracts and lease agreements have all the required disclosures, contracts are executed prior to the receipt of goods and services, approval for expenditures are obtained where required and that the University ensure compliance with State laws and regulations and University policies and procedures.

This finding was first noted during the examination of the year ended June 30, 2012. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated that departments/divisions did not follow University policies and procedures to ensure services/deliveries are not received prior to issuance of contracts and receipt of vendor certifications prior to contract approval; and one lease was signed 3 days late due to a delay in finalizing administrative details of the lease and coordinating with the company representative operating internationally. Five contracts were filed late with the Office of the Comptroller due to an employee oversight.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Failure to fully execute a contract prior to the commencement of services or delivery of goods and not obtaining the appropriate level of approval leaves the University vulnerable to unnecessary liabilities and potential violation of laws. (Finding Code No. 2022-003, 2021-005, 2020-005, 2019-003, 2018-004, 2017-008, 2016-003, 2015-005, 2014-006, 2013-007, 12-7)

RECOMMENDATION

We recommend the University establish and maintain internal control procedure over contracts and lease agreements to ensure contracts are complete and properly approved prior to performance. We also recommend the University adhere to State laws and regulations,

UNIVERSITY RESPONSE

Accepted. The University has policies and procedures that require contracts to be fully executed by all parties prior to performance. The University is taking several actions to address this audit recommendation, including continued training for campus departments, new responsible officers and vendors on University policies and procedures, and will incorporate focused senior leadership awareness to ensure the appropriate level of oversight and accountability. In addition, the University will continue to seek legislative relief from state filing requirements that are not practical and do not serve the public or common good.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-004 – Failure to Submit Proper Time Reporting

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

During our testing of a sample of 40 payroll transactions, we noted the following:

- Seventeen employees (43%) (14 faculty and 3 Graduate Assistants) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.
- One employee (3%) whose time sheet did not contain a supervisory approval signature.
- One employee (3%) whose time sheet did not contain employee or supervisory approval signatures.

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

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

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

University officials stated the University has a system in place that captures time worked as required by the State Officials and Employees Ethics Act for salaried supportive professional staff and civil service employees. There are ongoing efforts across state institutions of higher education to explore alternative strategies to capture such data for employees fitting the faculty and graduate assistant classifications. Also, departments did not follow University policy and procedures by obtaining appropriate signatures.

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

RECOMMENDATION

We recommend the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act. We also recommend the University enforce existing policies and procedures requiring appropriate employee and supervisory review of time sheets.

UNIVERSITY RESPONSE

Accepted. The University will continue to work with legislators to remove the requirement for faculty and graduate assistants and engage the University’s legislative team to collaborate with the other universities to initiate recommended legislation to remove the requirement. Additionally, the University will continue to monitor time sheets while simultaneously moving towards time and labor (online time and benefit reporting).

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-005 – Lack of Annual Performance Reviews

Northern Illinois University (University) did not conduct annual performance reviews for all its employees.

During our testing of 45 employees, we noted the University was unable to provide evidence 11 employees (24%) received an annual evaluation during the year.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure all employees receive an annual performance review.

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

University officials stated the evidence of completed performance evaluations was not available due to lack of staff and resources.

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

RECOMMENDATION

We recommend the University take appropriate measures to ensure employee performance reviews are conducted annually.

UNIVERSITY RESPONSE

Accepted. The University will continue to establish annual reminders for supervisors of Supportive Professional Staff and required Civil Service evaluations and will investigate possibilities for streamlining the process.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-006 – Inadequate Controls over I-9 Forms

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

During our review of a sample of forty (40) employee hires, we noted the following:

- Four employees (10%) did not complete section 1 of the I-9 form on or before their respective hire date.
- One employee (3%) did not complete Section 2 of the I-9 form properly as their first day of employment was not filled out.
- Five employees (13%) did not complete section 2 of the I-9 form within three days of their first day of employment.

Instructions for U.S. Citizenship and Immigration Services (USCIS) Form I-9 require Section 1 to be completed no later than the first day of employment. After completing Section 1, the employee is to sign their name and document the date signed. Employers are to examine evidence of identity and employment authorization within 3 business days of the employee's first day of employment. The employer is to document the hire date and their signature and date of their review in Section 2 of the I-9 form. Employers must complete Form I-9 to document verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States.

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

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

University officials stated the responsible departments did not follow the requirements of NIU Human Resource Service policies and procedures around hiring.

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

RECOMMENDATION

We recommend the University enhance their controls over the process for preparing and reviewing the I-9 Forms to ensure compliance with USCIS requirements.

UNIVERSITY RESPONSE

Accepted. The University has implemented an online solution which automates the processing and completion of I-9 forms. The University will continue to review and enhance controls over the I-9 process and work with departments and new hires to ensure compliance. The university will also implement I-9 training for hiring departments.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2022

Finding 2022-007 – Inadequate Controls over Employee Terminations

Northern Illinois University (University) has failed to ensure necessary personnel actions for terminated employees occur timely.

During our testing of 10 terminated employees, we noted three terminated employees (30%) were not properly removed from payroll timely resulting in these employees being paid past their termination date.

As a result, three total employees (30%) received unearned compensation amounting to a total gross pay of approximately \$3,208. After these overpayments were uncovered, the University was able to recover the overpayment amounts from all three former employees leaving no amount unrecovered.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure employees are properly terminated from payroll and that improper payments of payroll does not occur.

This finding was first noted during the examination of the year ended June 30, 2019. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated separation policies and procedures were not performed in a timely manner due to short staffing, turnover, and departments submitting termination paperwork after an employee had been terminated.

Failure to properly remove terminated employees from payroll in a timely manner can result in improper payments. (Finding Code No. 2022-007, 2021-009, 2020-009, 2019-008)

RECOMMENDATION

We recommend the University enhance control procedures to ensure timely removal and proper payment of terminated employees from the University payroll. Additionally, we recommend the University determine whether there were other instances of terminated employees receiving unearned compensation and take necessary actions to recover any other overpayments.

UNIVERSITY RESPONSE

Accepted. The University has a process to recover overpayment amounts from former employees as soon as they are identified. The University will implement annual communications and training with departments regarding proper offboarding as well as formally document internal Human Resource procedures for processing terminations.

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Finding 2022-008 – Subsidies between Accounting Entities

Northern Illinois University (University) had subsidies between accounting entities during the current fiscal year.

During our testing of the University Guidelines, we noted the “Student Programs and Services” had negative cash balances (a negative cash balance is in effect an unbooked interfund payable/receivable), along with negative current funds balances at the beginning and the end of the fiscal year, thereby causing a subsidy between funds to occur.

The University Guidelines (Chapter III, Section D, Part 1) states there shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables, outstanding for more than one year.

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

University officials stated multi-year budget planning efforts were delayed due to the pandemic and have now resumed for the Student Programs and Services activity.

The subsidy between accounting entities is a violation of the University Guidelines. (Finding Code No. 2022-008, 2021-011, 2020-011, 2019-010, 2018-011)

RECOMMENDATION

We recommend the University review the activities of the accounting entities, ensure fees charged for services are sufficient to cover expenditures, and ensure subsidies between accounting entities do not occur.

UNIVERSITY RESPONSE

Accepted. The Legislative Audit Commission approved amendments to the University Guidelines at its meeting on May 16, 2023. The amended guidelines do not prohibit subsidies between accounting entities. Accordingly, this finding is not expected to repeat in future years.

NORTHERN ILLINOIS UNIVERSITY
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Finding 2022-009 – Noncompliance with the Illinois Articulation Initiative Act

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

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

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

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

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

University officials stated the necessary materials for the early childhood education degree program were compiled and submitted to the IAI for both the Fall 2021 and Spring 2022 panel review sessions, however, the IAI panels did not accept the submitted courses as being adequately aligned with the IAI's specifications. The IAI boards assess courses only twice per year.

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

RECOMMENDATION

We recommend the University develop and implement procedures to ensure compliance with the Act.

UNIVERSITY RESPONSE

Accepted. The University takes this matter seriously and moved quickly to review its courses to determine if they are eligible to be submitted for statewide transfer. The necessary materials for the early childhood education degree program were compiled and submitted to the IAI for both the Fall 2021 and Spring 2022 panel review sessions, however, the IAI panels did not accept the submitted courses as being adequately aligned with the IAI's specifications. The IAI board assesses courses only twice per year. The University will continue to engage with the IAI during the upcoming academic year. The revised course material for the Early Childhood Education initiative major has been re-submitted and is pending approval from the IAI panel.

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Finding 2022-010 – Lack of Annual Employee Trainings

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

During our testing of 40 employees, we noted the following:

- Of the 10 new hires tested, one employee (10%) did not complete their ethics training within 30 days of being hired. The number of days late was 54 days.
- Of the 10 new hires tested, seven employees (70%) did not complete their sexual harassment training within 30 days of being hired. Four employees (40%) did not have any sexual harassment training during fiscal year 2022, and for three employees (30%), the number of days late ranged from 46 to 87 days late.
- Of the 30 active employees tested, one employee (3%) did not complete an annual ethics training during fiscal year 2022.
- Of the 30 active employees tested, one employee (3%) did not complete an annual sexual harassment training during fiscal year 2022.

The Act (5 ILCS 430/5-10.5(a)) requires each officer, member, and employee complete, at least annually, a sexual harassment training program. A person who fills a vacancy in an elective or appointed position that requires training under this subsection must complete his or her initial sexual harassment training program within 30 days after commencement of his or her office or employment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure all employees receive appropriate employee trainings as required.

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

University officials stated the noted employee trainings were not completed timely or at all due to departments not following policy and procedures. For the noted 7 new hires, an unusual back log of new hire entries created a shortened 30-day window for employees to complete their required training.

Failure to ensure employees receive timely sexual harassment training could result in employees being unaware of their responsibilities under the State Officials and Employees Ethics Act. (Finding Code No. 2022-010, 2021-014, 2020-014)

RECOMMENDATION

We recommend the University ensure required employee trainings are conducted annually in accordance with the Act.

UNIVERSITY RESPONSE

Accepted. The University will continue to evaluate training completed as part of the employee onboarding process to ensure training is completed timely after hiring. The University recently added training to the onboarding process for new hires and integrated the annual training for completion. The University will continue to mandate the training and send reminders to ensure that required training is completed timely.

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Finding 2022-011 – Untimely Reporting of Auto Accidents

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

We reviewed the reporting of 18 accidents that occurred during fiscal year 2022, and noted the following:

- The University did not timely file the SR-1 form with CMS for one accident (7 days late).
- Two accidents were not reported to Transportation Services within one business day (from 1 to 3 days late).
- Supplemental accident reports were not completed and submitted timely to Transportation Services for two accidents (from 2 to 8 days late).
- An SR-1 form was not completed and submitted timely to Transportation Services for two accidents (from 2 to 8 days late).

Section 4.2 Notice of Occurrence in the IL Department of Central Management Services' Auto Liability Unit's policy over automobile insurance states that a driver's written report [the SR-1 form] must be filed with the Unit within seven calendar days of the occurrence or the University risks loss of coverage under the insurance plan.

The University's accident reporting policy states a driver must report an accident to Transportation Services within one business day. The driver must also complete the SR-1 form and the NIU Supplemental Accident Report within five calendar days of the accident occurrence.

The Fiscal Control and Internal Auditing Act (30 ILCS 10-3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure timely reporting of all auto accidents involving University vehicles in accordance with State requirements and University policy.

University officials stated the drivers involved in these particular accidents did not follow the written accident reporting procedures.

Failure to report accidents timely could result in the denial of insurance coverage and could result in additional liabilities to the University. (Finding Code No. 2022-011, 2021-015)

RECOMMENDATION

We recommend the University continue to improve internal controls to ensure policies and procedures are clearly understood and followed by all personnel responsible for the use and oversight of University vehicles within each department.

UNIVERSITY RESPONSE

Accepted. The University has implemented corrective actions to enhance understanding of policies by responsible personnel and improved communication for timely reporting.

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Finding 2022-012 – Inadequate controls over Procurement Card Use

Northern Illinois University (University) has not established adequate internal controls over procurement card (P-card) transactions.

The University operates a procurement card program that allows individuals throughout the University to make small purchases (defined as less than \$5,000) on a credit card, which is directly paid by the University on a monthly basis. The University's policies require employees assigned a procurement card to complete training on procurement card procedures and to sign an agreement with the proper approvals stipulating that they will use the card in accordance with the University's policies. The University's policies also require all purchases on the cards be reviewed by the respective employee's manager, receipts or other documentation of the purchases on the card be provided to the manager for review, and that these documents be maintained.

During our testing of 40 P-card transactions (totaling \$12,254), we noted the following:

- Ten transactions (25%) (totaling \$5,249) were not approved in a timely manner. The approvals ranged from 2 to 10 days late.
- Two transactions (5%) (totaling \$692) which required advance approval of the purchase was not documented.
- Seven transactions (18%) (totaling \$1,669) included sales tax paid by the University (taxes totaling \$185).

The University had approximately 364 procurement cards active during the fiscal year and \$7,848,171 of expenditures during the year ended June 30, 2022.

The University's Commercial Card Program Policies and Procedures Section V, states the Approving Manager must approve cardholder transactions in the card system by the 2nd business day of the following month. Additionally, Section VI, states that advertising for the promotion of an event must have advance, documented approval from University Marketing and Creative Services via the Clearinghouse. Section VI, also states the University is not subject to Illinois sales and use tax. The cardholder is responsible for ensuring no taxes are charged to the card.

The Fiscal Control and Internal Auditing Act (30 ILCS 10-3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure procurement card transactions comply with University policies and procedures.

University officials stated the noted exceptions are due to program participants not following University policy and procedures.

Failure to review timely and obtain required advances approvals in accordance with University policies could result in erroneous or fraudulent transactions being recorded in the general ledger system. Also, failure to exclude sales tax is a waste of State resources. (Finding Code No. 2022-012, 2021-016)

RECOMMENDATION

We recommend the University timely review and approve procurement card transactions in accordance with University policies.

UNIVERSITY RESPONSE

Accepted. The University has policies and procedures that require the timely review and approval of procurement card transactions, documentation of approved exceptions and prohibition of sales tax. The University will continue to train program participants to improve understanding of current policies and procedures and incorporate focused senior leadership awareness to ensure the appropriate level of oversight and accountability.

NORTHERN ILLINOIS UNIVERSITY
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Finding 2022-013 – Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers

Northern Illinois University (University) did not maintain adequate controls over its review of service providers' internal controls.

The University utilizes service providers for various services including:

- Enterprise Resource Planning System infrastructure and hosting,
- Hosting services, and
- Maintaining student information.

During our testing of four service providers, we noted:

- One (25%) service provider's agreement did not contain requirements for the protection and non-disclosure of information, nor did it contain requirements to notify the University in the event of a security breach.
- One (25%) service provider's agreement did not document roles and responsibilities and the controls over the security, integrity, availability, confidentiality, and privacy of University data.
- Four (100%) service providers' agreements did not require the service provider to provide a System and Organization Control (SOC) report on an annual basis.
- One (25%) service provider did not have a SOC examination performed.

In addition, we noted the University had not established procedures to obtain and review SOC reports to ensure adequate controls had been established within the service providers' environment.

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.

Additionally, the Fiscal Control and Internal Auditing Act (30ILCS 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.

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

University officials indicated the conditions were due to inadequate coordination among units responsible for management and oversight of these service provider relationships and agreements.

Without having adequate service provider agreements requiring the protection of its information, documenting the roles and responsibilities, and requiring SOC examinations, along with not reviewing SOC reports or another form of independent internal controls review for all service providers, the University does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2022-013, 2021-017, 2020-015)

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RECOMMENDATION

We recommend the University:

- Established procedures to obtain and review System and Organization Control (SOC) reports to ensure adequate controls had been established within the service providers' environment.
- Monitor and document the implementation of the CUECs relevant to the University's operations.
- Ensure the service provider agreements:
 - contain requirements for the protection and non-disclosure of information, as well as requirement to notify the University in the event of a security breach.
 - document roles and responsibilities and the controls over the security, integrity, availability, confidentiality, and privacy of University data.
 - document requirements for the service provider to provide a SOC report on an annual basis.

UNIVERSITY RESPONSE

Accepted. The University has procedures for obtaining and documenting its review of SOC reports for its external service providers. The University received, reviewed, and documented its review of SOC reports and CUECs for its service providers, with the exception of one service provider that does not receive a SOC report. In this instance, the University performed alternate procedures to assess the control environment of this service organization. The University will fully document its procedures and review its service provider agreements to ensure that they contain the necessary elements and requirements.

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Finding 2022-014 – Inadequate Controls Over Terminated Employee User Accounts

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

During the examination, we noted:

- The University had not developed a policy requiring reviews of individual access rights on at least an annual basis or requiring timely reviews and notification of employee separations to Human Resources (HR).
- User access was not timely terminated. Specifically:
 - Four of 40 (10%) user accounts for terminated employees remained active after separation for 10 days or less;
 - Eight of 40 (20%) user accounts were still active after separation for 11 to 20 days; and
 - Four of 40 (10%) user accounts were still active after separation 20 or more days.

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

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 management indicated user accounts for terminated employees were not reviewed or disabled on a timely basis due to lack of resources.

Failure to implement effective controls over terminating and reviewing access to the environment, applications and data could result in unauthorized access and manipulation of data. (Finding Code No. 2022-014, 2021-018)

RECOMMENDATION

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

UNIVERSITY RESPONSE

Accepted. The University will implement annual communications with departments regarding proper offboarding as well as formally document internal Human Resource procedures for processing terminations. Additionally, the University is currently in the process of implementing a multi-year account lifecycle project that will address controls related to disabling terminated user's accounts to prevent unauthorized access or activity.

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Finding 2022-015 – Weaknesses in Cybersecurity Programs and Practices

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

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

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

- Two of 40 (5%) employees had not completed the annual information security awareness training.
- Nine of 40 (22%) employees had not completed cybersecurity training. Of those having completed training, 12 (30%) employees had not completed within the 30 days. Two (5%) new hires did not have documentation of completing the cybersecurity training.
- Twelve of 40 (30%) employees had not acknowledged Acceptable Use, Information Security, System Access and Security Policy, and Use of Email Policy statements. Ten (25%) employees did not provide acknowledgements within 30 days of their hire date. Two (5%) new hires did not have documentation of a completed acknowledgements.

The *Framework for Improving Critical Infrastructure Cybersecurity* published by the National Institute of Standards and Technology require entities to provide cybersecurity training and communicate security policies. Additionally, the University’s Information Security Awareness Training Policy required employees to complete all assigned training within 30 days of the training being made available.

University officials indicated due to lack of available resources, follow-up on outstanding acknowledgements and completion of training was not effective.

The lack of adequate cybersecurity training and the failure to acknowledge receipt and understanding of the University’s security policies could result in the University’s confidential and personal information being mishandled or unsecured due to lack of awareness resulting in potential vulnerabilities susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-015)

RECOMMENDATION

We recommend the University ensure all employees, including new hires, complete the required training within the required timeline and acknowledge receipt and understanding of the security policies.

UNIVERSITY RESPONSE

Accepted. The University takes cybersecurity training seriously and is working on a process to include security and awareness training as part of the onboarding process for new hires. The University has also implemented process enhancements through automation to improve security training completion rates.

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Finding 2022-016 – Disaster Recovery Planning Weaknesses

Northern Illinois University (University) did not ensure its disaster recovery plan was updated and tested during the examination period.

The University relies on several computer systems for meeting its overall mission. However, during our examination, we noted the University's Disaster Recovery Plan (Plan), last updated in January 2020, had not been finalized or approved. Additionally, the University had not conducted recovery testing during the examination period.

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

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 indicated the weaknesses noted were due to lack of available resources.

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

RECOMMENDATION

We recommend the University finalize and approve the Disaster Recovery Plan. We also recommend the University test the Disaster Recovery Plan at least annually.

UNIVERSITY RESPONSE

Accepted. The University will document its approval of the final Disaster Recovery Plan going forward. In addition to the restore validation of critical systems, the University will assess feasibility of implementing a more comprehensive tabletop disaster recovery exercise to include less critical systems.

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Prior Year Findings Not Repeated
For the Year Ended June 30, 2022

A. Enrollment Status Reporting

During the prior audit, Northern Illinois University (the University) did not correctly complete enrollment status reporting to the National Student Loan Data System (NSLDS).

During the current audit, we noted the University strengthened its controls over enrollment status reporting to NLSDS. Similar exceptions were not noted during our current year sample testing. (Finding Code No. 2021-002, 2020-002, 2019-001, 2018-003, 2017-006)

B. Information Technology Risk Assessment Not Performed

During the prior audit, the University did not document required information technology risk assessments related to student information security.

During the current audit, we noted the University performed and documented the required information technology risk assessments required under the Gramm-Leach-Bliley Act. Similar exceptions were not noted during our current year testing. (Finding Code No. 2021-003, 2020-004)

C. Higher Education Emergency Relief Fund Reporting

During the prior audit, the University did not have adequate procedures in place to ensure the proper Higher Education Emergency Relief Fund (HEERF) reporting requirements were posted timely.

During the current audit, we noted the University improved controls related to HEERF reporting requirements. Similar exceptions were not noted during our current year testing. (Finding Code No. 2021-004)

D. Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act

During the prior year examination, the University did not comply with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (Act).

During the current year examination, we noted the University complied with the Act. Similar exceptions were not noted during our current year sample testing. (Finding Code No. 2021-010, 2020-010, 2019-009)

E. Inadequate Controls over Property and Equipment

During the prior year examination, the University did not fully comply with requirements applicable to its property and equipment.

During the current year examination, we noted the University improved controls related to property and equipment. Similar exceptions were not noted during our current year sample testing. (Finding Code No. 2021-012, 2020-012, 2019-011, 2018-012, 2017-010, 2016-011, 2015-010)



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