

**Northeastern
Illinois University**
A COMPONENT UNIT OF THE
STATE OF ILLINOIS

FEDERAL SINGLE AUDIT

In Accordance with the
Single Audit Act and
Applicable Federal Regulations

FOR THE YEAR ENDED
JUNE 30, 2021

PERFORMED AS SPECIAL
ASSISTANT AUDITORS FOR THE
AUDITOR GENERAL,
STATE OF ILLINOIS

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2021

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UNIVERSITY OFFICIALS

President	Dr. Gloria Gibson
Provost	Dr. Dennis Rome
Vice President for Finance and Administration/Treasurer	Mr. Manish Kumar
Vice President for Student Affairs (02/21/21 to Present)	Dr. Terry Mena
Interim Vice President for Student Affairs (07/01/20 to 02/20/21)	Dr. Dennis Rome
Vice President for Institutional Advancement	Ms. Liesl Downey
General Counsel (09/20/21 to Present)	Mr. G. A. Finch
Vice President for Legal Affairs (01/01/21 to 09/19/21)	Vacant
Vice President for Legal Affairs (07/01/20 to 12/31/20)	Ms. Melissa Reardon Henry
Associate Vice President for Finance (07/01/20 to 04/30/21)	Ms. Ann McNabb
Executive Director for Finance and Administration (05/01/21 to Present)	Ms. Beni Ortiz
Director of Financial Affairs/Controller (11/20/21 to Present)	Vacant
Interim Director of Financial Affairs/Controller (05/01/21 to 11/19/21)	Mr. Olegario Flores
Director of Financial Affairs/Controller (07/01/20 to 04/30/21)	Ms. Beni Ortiz
Director of Internal Audit	Ms. Rita Moore

BOARD OF TRUSTEES

Chair	Mr. Jim Palos
Vice Chair	Ms. Sherry Eagle
Secretary	Mr. Jonathan Stein
Member	Mr. Carlos Azcoitia
Member	Mr. Marvin Garcia
Member	Ms. Ann Kalayil
Member	Mr. Charles Serrano
Member	Vacant
Member	Vacant
Student Member (10/07/21 to Present)	Mr. Javonti Mordican
Student Member (07/01/21 to 10/06/21)	Vacant
Student Member (07/01/20 to 06/30/21)	Ms. Gabriela Loredó

UNIVERSITY OFFICE

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

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FEDERAL COMPLIANCE REPORT

SUMMARY

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

AUDITOR’S REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	8	11
Repeated Findings	8	7
Prior Recommendations Implemented or Not Repeated	3	2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Last/First</u>	<u>Description</u>	<u>Finding Type</u>
		<u>Reported</u>		

Current Findings – Government Auditing Standards

2021-001	13	2020/2020	Inadequate Internal Controls over Census Data	Material Weakness/ Noncompliance
2021-002	18	2020/2017	Weaknesses over Computer Security	Significant Deficiency/ Noncompliance
2021-003	20	2020/2019	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Significant Deficiency/ Noncompliance

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings – Federal Compliance and Questioned Costs				
2021-004	23	2020/2020	Reporting of Disbursements to the Common Origination and Disbursement System	Significant Deficiency/ Noncompliance
2021-005	25	2020/2019	Information Technology Risk Assessment Not Performed	Significant Deficiency/ Noncompliance
2021-006	27	2020/2020	Cost of Attendance for Student Financial Assistance	Significant Deficiency/ Noncompliance
2021-007	29	2020/2018	Inadequate Control Over Subrecipients	Significant Deficiency/ Noncompliance
2021-008	32	2020/2020	Noncompliance with Grant Report Requirements	Significant Deficiency/ Noncompliance
Prior Findings Not Repeated				
A	36	2020/2019	Student Notification of Disbursements of Direct Loans	
B	36	2020/2018	Noncompliance with the Federal Perkins Loan Cohort Default Rate	
C	36	2020/2017	Timesheets and Time and Effort Reports were not Submitted or Timely Submitted	

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EXIT CONFERENCE

The University waived an exit conference in a correspondence from Beni Ortiz, Executive Director for Finance and Administration, on April 8, 2022. The responses to the recommendations were provided by Beni Ortiz, Executive Director for Finance and Administration, in a correspondence dated April 27, 2022.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Northeastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the State of Illinois, Northeastern Illinois University (University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and we have issued our report thereon dated May 9, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the University’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting (internal control) or compliance and other matters of the Northeastern Illinois University Foundation audited in accordance with the *Government Auditing Standards*, a component unit of the University, that are reported on separately by those auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 through 2021-003.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, 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, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003 to be significant deficiencies.

University's Responses to the Findings

The University's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.



Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 9, 2022





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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Northeastern Illinois University

Report on Compliance for Each Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by the Northeastern Illinois University (University) with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The University's basic financial statements include the operations of the Northeastern Illinois University Foundation, a component unit of the University, which is not included in the University's Schedule of Expenditures of Federal Awards during the year ended June 30, 2021. Our audit, as described below, did not include the operations of this component unit because the component unit engaged other auditors to perform an audit of their financial statements and, if necessary, an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and

Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004 through 2021-008. Our opinion on each major federal program is not modified with respect to these matters.

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

Additionally, the University is responsible for preparing a corrective action plan to address each finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004 through 2021-008, that we consider to be significant deficiencies.

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

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

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

We have audited the financial statements of the business-type activities, the fiduciary activities, and the discretely presented component unit of the University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated May 9, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. In addition, the accompanying Schedule of Federal and Nonfederal Financial Activity is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including



comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Federal and Nonfederal Financial Activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 9, 2022



NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2021

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Assistance Cluster
84.425	Education Stabilization Fund
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$1,745,783

Auditee qualified as a low-risk auditee? Yes No

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-001. **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 this 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 both 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. Finally, CMS' actuaries use census data for employees of the State's public universities provided by SURS along with census data for the other participating members which is provided by the State's four other pension plans to prepare the projection of the OPEB plan's liabilities.

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.

Based on information we obtained while performing our audit, we learned these deficiencies are pervasive across the public universities participating in SURS and across the State's agencies participating in one of the other four State pension plans, the State Employees' Retirement System

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CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-001. **FINDING** (Inadequate Internal Controls over Census Data) (continued)

of Illinois. These conditions significantly increase the risk there could be errors at one or more employers within the plans, and these errors could have a significant impact on SURS' and CMS' measurement of pension and OPEB liabilities, respectively.

In addition, we noted errors within CMS' allocation of OPEB-related balances across the State's funds, public universities, and the Illinois State Toll Highway Authority related to a failure by CMS to account for a separately financed specific OPEB liability for certain groups of employees at one component unit of the State. The impact of these errors resulted in the University restating its beginning net position by \$714,060 as of July 1, 2020.

Based upon the significance of these issues alone, we concluded a material weakness exists within the University's internal controls related to ensuring both SURS and CMS can provide their respective actuaries with complete and accurate census data related to the University's active employees. Even given these exceptions, we performed detail testing of a sample of employees and certain data analysis tests of the total population of the University's census data transactions reported to SURS and noted the following:

- Based on our analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2019, we noted one employee's status had been incorrectly reported as termination to SURS. SURS determined the total potential impact of the employee's total service credit could be off by 120 days.
- As of the end of the census data accumulation year on June 30, 2019, we identified six employees where each employee's associated termination had been untimely reported to SURS. While these employees were all associated with the University at June 30, 2019, some or all of these untimely reports may have occurred at other public universities and community colleges across the State. SURS determined these errors resulted in the employees being misclassified between the active, retired, and inactive member categories within SURS. The total potential impact to each former employee's total service credit could be off between 0.0 and 1.75 years.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's

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For the Year Ended June 30, 2021

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-001. **FINDING** (Inadequate Internal Controls over Census Data) (continued)

actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

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 a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

- 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.

Further, 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)).

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-001. **FINDING** (Inadequate Internal Controls over Census Data) (continued)

In addition, the Illinois Pension Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds. Additionally, the Act (5 ILCS 375/10) requires active employees to make contributions as set by CMS and the Act (5 ILCS 375/11) requires employer contributions by the University for all employees not totally compensated from its Income Fund, local auxiliary funds, and the Agricultural Premium Fund.

Finally, 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 that funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

University official stated the findings noted above were due to staffing constraints.

Failure to ensure complete and accurate census data was reported to SURS could result in a material misstatement of the University's financial statements and reduced the overall accuracy of pension/OPEB-related liabilities, deferred inflows and outflows of resources, and expense recorded by the State, the State's agencies, and other public universities and community colleges across the State. In addition, failure to reconcile active members' census data reported to and held by SURS to the University's internal records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the University's pension and OPEB balances, which could result in a material misstatement of these amounts. Finally, the allocation error involving one component unit in the OPEB plan resulted in misstatements within each employer's allocation, which resulted in a restatement at the University. (Finding Code No. 2021-001, 2020-001)

RECOMMENDATION

We recommend the University implement controls to ensure census data events are timely and accurately reported to SURS.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2021-001. **FINDING** (Inadequate Internal Controls over Census Data) (continued)

Further, we recommend the University work with SURS to annually reconcile its 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.

Finally, we recommend the University work with SURS and CMS to identify and address any unremitted or erroneously remitted employee and, if applicable, employer contributions related to these events.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-002. **FINDING** (Weaknesses over Computer Security)

Northeastern Illinois University (University) had computer security weaknesses.

The University had invested in computer hardware and systems and had established several critical, confidential, or financially sensitive systems for use in meeting its mission. However, the University did not safeguard their computing environment. During testing, we noted:

- User access rights to the applications and network were not periodically reviewed.
- Access rights were not timely terminated.
- Users were granted excessive access rights.
- A change management process to configure network devices had not been developed.
- The infrastructure was not properly secured.
- Physical security weaknesses.
- Encryption software was not installed on certain University laptops.
- Weak password settings.

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 *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 the appropriateness of access rights, implementation of strong password settings, periodic review of access rights and installation of device encryption mechanism; Configuration Management section, requires the development of change and configuration management policy; System and Services Acquisition section, requires a properly secured infrastructure; System and Information Integrity section, requires the implementation of security protection mechanisms; and Physical and Environmental Protection section, requires adequate physical security.

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CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-002. **FINDING** (Weaknesses over Computer Security) (continued)

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 the issues were due to staffing constraints and competing priorities.

Failure to have adequate security over computing resources increases the risk of unauthorized access to the computing environment. Failure to control and safeguard confidential and sensitive information could result in unauthorized disclosure and inappropriate use of personal information. (Finding Code No. 2021-002, 2020-002, 2019-018, 2018-021, 2017-018)

RECOMMENDATION

We recommend the University:

- Perform a periodic review of system access rights to ensure access rights are appropriate and based on job requirements. In addition, the University should ensure timely deactivation of users no longer needing access.
- Develop a formal change management process for changes to network devices.
- Ensure security of the infrastructure.
- Ensure adequate physical security.
- Ensure required laptops are encrypted.
- Ensure strong password settings.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

NORTHEASTERN ILLINOIS UNIVERSITY
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CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-003. **FINDING** (Lack of Adequate Controls over Review of Internal Controls over Service Providers)

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 Attestation Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.35) 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:

- Documented its review of the System and Organization Control (SOC) report for the five (100%) service providers tested;
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations for the five (100%) service providers tested;
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control for the five (100%) service providers tested;
- Ensured a requirement for an independent review to be completed within the contract between the University and service provider for the five (100%) service providers tested;
- Established a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers; and

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CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

2021-003. **FINDING** (Lack of Adequate Controls over Review of Internal Controls over Service Providers) (continued)

- Established policy and procedures to ensure information assets and resources at the service provider were adequately protected from unauthorized or accidental disclosure, modification, or destruction. One of five (20%) service providers' agreements did not outline and document the security, availability, confidentiality, and privacy controls.

The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

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

University officials stated the above issues were due to competing priorities.

Without maintaining a complete list of service providers and proper documentation of its review of the SOC report and 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 monitor specified performance, problems encountered, and compliance with contractual terms may result in obligations and services not met and not timely detected and corrected. (Finding Code No. 2021-003, 2020-003, 2019-020)

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CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2021-003. **FINDING** (Lack of Adequate Controls over Review of Internal Controls over Service Providers) (continued)

RECOMMENDATION

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

- Obtain and document its review of SOC reports or conduct independent internal control reviews at least annually.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.
- Establish a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-004. **FINDING** (Reporting of Disbursements to the Common Origination and Disbursement System)

Federal Agency:	Department of Education
CFDA Numbers:	84.063
Program Names and Award Numbers:	Student Financial Assistance Cluster [Federal Pell Grant Program (P063Q191350 / P063Q201350)]
Program Expenditures:	\$11,988,465
Questioned Costs:	None

Northeastern Illinois University (University) did not timely submit disbursement records of the Federal Pell Grant Program to the Department of Education’s Common Origination and Disbursement (COD) System.

During testing of 23 students with 49 disbursement transactions who received Federal Pell Grant Program funds totaling \$99,972, we noted 5 (22%) students with 10 disbursement transactions totaling \$22,793 were reported to the COD System 9 days late. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (34 CFR § 690.83(b)(2)) requires the University to submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and to comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

The Federal Register (Volume 85, No. 135 released on July 14, 2020) requires the University to submit Pell Grant disbursement records to the COD System, no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement.

The Code (2 CFR § 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure submission of students’ disbursement records to the federal agency within the required timeframe.

University officials stated the issue was attributable to lack of staff going over the error log files, thus, resulting in the late reporting to the COD System.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-004. **FINDING** (Reporting of Disbursements to the Common Origination and Disbursement System) (continued)

Failure to submit disbursements records within the required timeframe may result in the rejection of all or part of the reported disbursements by the federal agency, a program review finding, or the initiation of an adverse action in accordance with the federal regulation. (Finding Code No. 2021-004, 2020-005)

RECOMMENDATION

We recommend the University continue to improve its internal control process to ensure all student disbursement records are reported to the COD system timely in accordance with the federal requirements.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-005. **FINDING** (Information Technology Risk Assessment Not Performed)

Federal Agency:	Department of Education
CFDA Numbers:	84.007; 84.033; 84.038; 84.063; 84,379; 84.268
Program Names and Award Numbers:	Student Financial Assistance Cluster [(Federal Supplemental Educational Opportunity Grants (P007A191241 / P007A201241); Federal Work-Study Program (P033A201241); Federal Perkins Loan Program (None); Federal Pell Grant Program (P063P191350 / P063P201350); Teacher Education Assistance for College and Higher Education Grants (P379T211350); and Federal Direct Student Loans (P268K201350 / P268K211350)]
Program Expenditures:	\$417,685, \$217,085; \$1,052,780; \$11,988,465; \$44,740; and \$15,236,319
Questioned Costs:	None

Northeastern Illinois University (University) did not document required risk assessments related to student information security.

As a requirement under the University’s Program Participation Agreement with the Department of Education, the University must protect student financial aid information. However, during our testing, we noted the University had not conducted a risk assessment identifying internal and external risks to the security, confidentiality, and integrity of the student’s information.

The Standards for Safeguarding Customer Information, required by the Gramm-Leach-Bliley Act (GLBA) (16 CFR § 314.4 (b)), requires entities to identify reasonable foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risk in each relevant area of operations, including:

- (1) Employee training and management;
- (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- (3) Detecting, preventing and responding to attacks, intrusions, or other system failures.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-005. **FINDING** (Information Technology Risk Assessment Not Performed) (continued)

Additionally, the 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.

In addition, the *Framework for Improving Critical Infrastructure Cybersecurity* published by the National Institute of Standards and Technology (NIST) requires entities to perform a risk assessment and establish a risk mitigation plan to minimize identified risks.

University officials stated the issues were due to competing priorities and the delay in procuring a vendor.

Without documentation of a risk assessment, the University is at risk of noncompliance with the GLBA. In addition, there is a risk the University's systems and information could be vulnerable to attacks or intrusions, and these attacks may not be detected in a timely manner. (Finding Code No. 2021-005, 2020-006, 2019-007)

RECOMMENDATION

We recommend the University perform and document a comprehensive risk assessment identifying internal and external risks to the security, confidentiality, and integrity of the student's information. In addition, the University should ensure proper safeguards are in place to ensure the security of student information.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-006. **FINDING** (Cost of Attendance for Student Financial Assistance)

Federal Agency:	Department of Education
CFDA Numbers:	84.007; 84.033; 84.063; 84,379; 84.268
Program Names and Award Numbers:	Student Financial Assistance Cluster [(Federal Supplemental Educational Opportunity Grants (P007A191241 / P007A201241); Federal Work-Study Program (P033A201241); Federal Pell Grant Program (P063P191350 / P063P201350); Teacher Education Assistance for College and Higher Education Grants (P379T211350); and Federal Direct Student Loans (P268K201350 / P268K211350)]
Program Expenditures:	\$417,685, \$217,085; \$11,988,465; \$44,740; and \$15,236,319
Questioned Costs:	None

Northeastern Illinois University (University) did not have adequate documentation to support manual changes in the student’s cost of attendance information.

The University annually determines the cost of attendance (COA) based on the types of costs established under the Higher Education Act. The University’s financial aid system automatically calculates the COA which can be manually adjusted based on special conditions, additional expenses and extenuating circumstances.

During testing of 40 students who received financial aid assistance during Academic Year 2020-2021, we noted manual adjustments in COA for 7 students (18%) without proper documentation being maintained in the students’ file to support the manual changes made. The sample was not intended to be, and was not, a statistically valid sample.

The University’s budgeting policy for Academic Year 2020 to 2021, Section 4.2, states that the University has the authority to use professional judgment to adjust the cost of attendance on a case-by-case basis to allow for special conditions, additional expenses and extenuating circumstances which must be documented in the student’s comment record.

The Department of Education’s 2020 – 2021 Federal Student Aid Handbook (Handbook) (Chapter 2 on Cost of Attendance and Chapter 5 on Application and Verification Guide) states financial aid administrator has the authority to use professional judgment to adjust the cost of attendance on a case-by-case basis to allow for special circumstances. Such adjustments must be documented in the student’s file.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-006. **FINDING** (Cost of Attendance for Student Financial Assistance) (continued)

The Code of Federal Regulations (2 CFR § 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure adequate documentation is maintained for adjustment to COA in compliance with the Handbook.

University officials stated manual changes made on student's cost of attendance without proper documentation were due to oversight.

Failure to keep required documentation for changes made in cost of attendance or the data that determines student's expected family contribution may result in incorrect financial assistance awarded to students. (Finding Code No. 2021-006, 2020-008)

RECOMMENDATION

We recommend the University document and retain documentation of the manual adjustments made to determine COA in compliance with the Handbook.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-007. **FINDING** (Inadequate Control Over Subrecipients)

Federal Agency:	National Science Foundation Department of Education
CFDA Numbers:	47.076; 84.031; 84.287; 84.334
Program Names and Award Numbers:	Research and Development Cluster Education and Human Resources [Robert Noyce Teacher Scholarship Program. University and Community College Collaboration for Mathematics and Biology Scholar Teacher Education (1660785)] Higher Education Institutional Aid [EXITO: Exit on Time in STEM (P031C160209)] [Title V: Developing Hispanic-Serving Institutions Program (P031S180151)] Twenty-First Century Community Learning Centers [Project 4421-19: Craft (4421-19-20 / 4421-19-21)] Gaining Early Awareness and Readiness for Undergraduate Programs (P334A140132)
Program Expenditures:	\$338,254; \$1,150,816; \$494,407; \$558,144; \$6,796,983
Questioned Costs:	None

Northeastern Illinois University (University) did not communicate required program information and monitor subrecipients of federal awards.

During testing of eight subrecipients, with pass-through federal expenditures totaling \$1,472,962, on five programs of the Research and Development Cluster, Higher Education Institutional Aid, Twenty-First Century Community Learning Centers, and Gaining Early Awareness and Readiness for Undergraduate Programs, we noted the following:

- The University did not timely communicate the required federal award information to five subrecipients (63%) to comply with federal statutes, regulations, and terms and conditions of the award. The communication through the agreements were made 203 to 321 days late.
- The University did not communicate the required federal award information to three subrecipients (38%) to comply with federal statutes, regulations, and terms and conditions of the award.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-007. **FINDING** (Inadequate Control Over Subrecipients) (continued)

- The University did not verify that subrecipients undergo an audit when the subrecipients' federal awards exceeded the threshold.
- The University erroneously classified a contractor as a subrecipient.

The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (2 CFR § 200.332 (a)) requires all pass-through entities to ensure that every subaward is clearly identified to the subrecipient as a subaward and include information to comply with Federal statutes, regulations, and the terms and conditions of the award. The required information includes the subrecipient's name and unique entity identifier, CFDA number, federal award date, federal awarding agency, etc. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

The Code of Federal Regulations (Code) (2 CFR § 200.332 (f)) requires all pass-through entities to verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR § 200.501.

The Code (2 CFR § 200.331) requires all pass-through entities to make case-by-case determination whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of subrecipient or contractor.

The Code (2 CFR § 200.303) also requires nonfederal entities receiving awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal control should include procedures to ensure required information is communicated to subrecipients prior to the issuance of the subaward, verifying a subrecipient if an audit is required, and proper classification of a contractor from a subrecipient.

University official stated the above issues were due to lack of staff during the fiscal year.

Failure to communicate required subaward information could result in subrecipients not properly administering the federal programs in accordance with federal regulations. Failure to verify

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-007. **FINDING** (Inadequate Control Over Subrecipients) (continued)

whether subrecipients meet the threshold for an audit may result in subrecipients not having adequate internal control to ensure compliance with the federal requirements. Erroneous classification of a contractor and subrecipients may result in inaccurate reporting of expenditures to the federal government. (Finding Code No. 2021-007, 2020-009, 2019-004, 2018-008)

RECOMMENDATION

We recommend the University implement uniform procedures across all departments to serve as guideline in communicating required subaward information to subrecipients, verify subrecipients to determine whether or not an audit is required, and properly classify contractors from subrecipients.

UNIVERSITY'S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-008. **FINDING** (Noncompliance with Grant Report Requirements)

Federal Agency:	Department of Education
CFDA Numbers:	84.287; 84.425, 84.334
Program Names and Award Numbers:	Twenty-First Century Community Learning Centers [Project 4421-13: Austin (4421-13-19 / 4421-13-20); Project 4421-15: Pathways (4421-15-19 / 4421-15-20); Project 4421-19: Craft (4421-19-19 / 4421-19-20); and Project 4421-25: Morton (4421-25-19 / 4421-25-20)]
	Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act [COVID-19 Higher Education Emergency Relief Fund: MSI Portion (P425L200096)); COVID-19 Higher Education Emergency Relief Fund: Institution Portion (P425F200852); COVID-19 Higher Education Emergency Relief Fund: Student Portion (P425E201821); and COVID-19 Governor's Emergency Education Relief Fund (21GEERNEIU)]
Program Expenditures:	Gaining Early Awareness and Readiness for Undergraduate Programs (P334A140132)
Questioned Costs:	\$1,720,525; \$14,157,060; \$6,796,983 None

Northeastern Illinois University (University) did not timely submit the required reports per grant agreements and statutory requirements.

In testing the University compliance with the grant reporting requirements for the Twenty-First Century Community Learning Centers grant, we noted the following:

- 12 of 12 (100%) Quarterly Grant Performance Reports for Award Year 2021 were submitted to the pass-through entity 4 to 278 days late.
- Five of 39 (13%) State Evaluation Benchmarking Reports were submitted to the pass-through entity 3 days late and eight of 39 (21%) State Evaluation Benchmarking Reports were not submitted to the pass-through entity.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-008. **FINDING** (Noncompliance with Grant Report Requirements) (continued)

The Grant Request for Proposal and Application Agreement of the University for the Twenty-First Century Community Learning Centers grant with Illinois State Board of Education (ISBE) requires submission of a periodic performance report 30 days after the end of each quarter. In addition, ISBE required State Evaluation Benchmarking Report for Summer 2020 and Spring 2021 to be submitted on September 14, 2020 and July 19, 2021, respectively.

In testing the University compliance with the grant reporting requirements for the Education Stabilization Fund - Governor's Emergency Education Relief (GEER) Fund, we noted the following:

- Six of eight (75%) deliverables were submitted to the pass-through entity 3 to 101 days late and two of 8 (25%) deliverables were not prepared and submitted to the pass-through entity.
- One of eight (13%) deliverables did not have the required report certification of the accuracy and completeness of the deliverables.
- Three of eight (38%) grant Reimbursement Request forms were submitted to the pass-through entity 11 to 193 days late.

The Grant Agreement of the University with the Illinois Board of Higher Education (IBHE) requires submission of deliverables that contain at a minimum the (a) programmatic detail which supports the Project Description; (b) expenditure detail for the reporting period; and (c) report certification. The deliverable reports and grant reimbursement forms were due October 31, 2020, January 31, 2021, April 30, 2021 and July 31, 2021.

In testing the University compliance with the grant reporting requirements for the Education Stabilization Fund - Higher Education Emergency Relief Fund (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 for the Student Aid portion were not completed.

The Federal Register Document No. 2020-19041 released on August 31, 2020 directs each HEERF – Student Portion participating institutions to post the following information on

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2021-008. **FINDING** (Noncompliance with Grant Report Requirements) (continued)

the institution's primary website no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30) thereafter: 1) an acknowledgement that the institution signed and returned to the Department of Education (Department) the Certification and Agreement and the assurance that the institution has used, or intends to use, no less than 50 percent of the funds; 2) the total amount of funds that the institution will receive or has received from the Department; 3) the total amount of grants distributed to students; 4) the estimated total number of students at the institution eligible to participate and receive the grant; 5) the total number of students who have received the grant; 6) the method(s) used by the institution to determine which students receive the grant and how they would receive; and, 7) any instructions, directions or guidance provided by the institution to students concerning the grant.

- Four of 4 (100%) Quarterly Public Reports (Report) for the Institutional Portion and Minority Serving Institutions (MSI) were not correctly completed. The award amount and the disbursements for the Institutional Portion and MSI were not reported in the appropriate sections of the reports.

The Department of Education Quarterly Budget and Expenditure Reporting Form (Form) requires the University to report the amount of funds awarded and the amount expended for the Institutional Portion and MSI in the appropriate section of the Form.

- Five of 8 (63%) Quarterly Public Reports were posted to the University website 2 to 3 days late.

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.

- The Annual Report submitted to the Department of Education was not accurately completed. The Student Aid Portion was not separately reported, the Institutional Portion and MSI were not correctly reported in the appropriations sections of the annual report.

The Federal Register Document No. 2020-16429 released on July 29, 2020 requires the University to prepare and submit an annual report to the Department using a data collection form. The annual data collection form requires the Student Aid portion separately reported and Institutional Portion and MSI in the appropriate section of the data collection form.

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CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2021-008. **FINDING** (Noncompliance with Grant Report Requirements) (continued)

In testing the University’s compliance with the grant reporting requirements for Gaining Early Awareness and Readiness for Undergraduate Programs, we noted the University did not report sub-awards of two subrecipients (100%) who received sub-award over \$30,000 through the Federal Funding Accountability Transparency Act (FFATA) Subaward Reporting System (FSRS).

The Code of Federal Regulations on Reporting Subaward and Executive Compensation Information (2 CFR § 170) requires the University to file a FFTA sub-award report by the end of the month following the month in which the University awards any sub-grant equal to or greater than \$30,000.

The Code (2 CFR § 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure compliance with grantor’s reporting and other requirements.

University officials stated required reports were not submitted or timely submitted due to oversight and technical errors encountered by the program director.

Failure to meet grant reporting requirements is a noncompliance with the related grant request for proposal and application agreement and could result in loss of grant funding in future years. (Finding Code No. 2021-008, 2020-011)

RECOMMENDATION

We recommend the University improve its grant reporting and monitoring process to adhere with grant request for proposal and application agreement.

UNIVERSITY’S RESPONSE

The University agrees with the audit finding and will implement correction action plan with all responsible parties.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

PRIOR FINDINGS NOT REPEATED

A. FINDING (Student Notification of Disbursements of Direct Loans)

During the prior audit, Northeastern Illinois University's (University) did not notify or timely notify the students in writing when the Federal Direct Student Loans funds were credited to students' accounts.

During the current audit, our sample testing indicated the University timely notified the students in writing when the Federal Direct Student Loans funds were credited to the students' accounts. (Finding Code No. 2020-004, 2019-001)

B. FINDING (Noncompliance with the Federal Perkins Loan Cohort Default Rate)

During the prior audit, Northeastern Illinois University's (University) Federal Perkins Loan cohort rate was in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

During the current audit, the Federal Perkins Loan cohort default rate has improved and did not exceed the threshold for administrative capability stipulated by the U.S. Department of Education. (Finding Code No. 2020-007, 2019-002, 2018-004)

C. FINDING (Timesheets and Time and Effort Reports were not Submitted or Timely Submitted)

During the prior audit, Northeastern Illinois University (University) did not ensure time sheets and time and effort reports were submitted or timely submitted by employees.

During the current audit, our sample testing indicated time sheets and time and effort reports were submitted or timely submitted by employees. (Finding Code No. 2020-010, 2019-003, 2018-007, 2017-006)

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Program/Grant Title		Federal Assistance Listing Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
Student Financial Assistance Cluster					
Department of Education					
Federal Supplemental Educational Opportunity Grants	(M)	84.007		\$ 417,685	\$ -
Federal Direct Student Loans	(M)	84.268		15,236,319	-
Federal Work-Study Program	(M)	84.033		217,085	-
Federal Perkins Loan Program	(M)	84.038		1,052,780	-
Federal Pell Grant Program	(M)	84.063		11,988,465	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	(M)	84.379		44,740	-
Total Department of Education				<u>28,957,074</u>	<u>-</u>
Total Student Financial Assistance Cluster				<u>28,957,074</u>	<u>-</u>
Research and Development Cluster					
National Science Foundation					
Mathematical and Physical Sciences					
Regularization of Hypersensitive Problems for Numerical Computation with Empirical Data		47.049		32,588	-
Passed-Through Indiana University MRI Consortium: Development of Instrumentation for the PICO-500 Bubble Chamber		47.049	SB-4856130-NIU	38,699	-
Total Mathematical and Physical Sciences				<u>71,287</u>	<u>-</u>
Geosciences					
Collaborative Research: Measurement of Cooper Speciation in Basaltic Glasses using X-ray Absorption Spectroscopy, a New Window on Metal Solubility and Transport in Magmatic Systems		47.050		35,906	-
RUI/Collaborative Research: The Rise of C4 Grasses South America: Linking Grassland Transition to the South American Summer Monsoon		47.050		13,664	-
Passed-Through Michigan State University GP-GO: Building Latinx Pathways into Geoscience Graduate Education through R1-HSI-Nonprofit Collaborations		47.050	RC111690A	3,129	-
Collaborative Research: REU Site: Water Resources and Quality on the Riviera Maya, Mexico		47.050		15,230	-
Total Geosciences				<u>67,929</u>	<u>-</u>
Computer and Information Science and Engineering					
Passed-Through University of Texas at El Paso NSF INCLUDES Alliance: Computing Alliance of Hispanic-Serving Institutions		47.070	226100998J	45,951	-
Total Computer and Information Science and Engineering				<u>45,951</u>	<u>-</u>
Biological Sciences					
Passed-Through Hauptman Woodward Medical Research Institute Z/E Isomerization in Phytochromes from Myxobacteria		47.074	6227	33,823	-
Total Biological Sciences				<u>33,823</u>	<u>-</u>

NORTHEASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal Assistance Listing Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
Social, Behavioral, and Economic Sciences				
Suburban Social Contacts and Changing Demographic Balances	47.075		39,670	-
Total Social, Behavioral, and Economic Sciences			<u>39,670</u>	<u>-</u>
Education and Human Resources				
Integrating Science, Mathematics, and Computing Within an Elementary and Middle School Pre-Service Teacher Education Curriculum	47.076		38,775	-
Passed-Through Chicago State University Illinois Louis Stokes STEM Pathways and Research Alliance (ILSPRA)	47.076	53114	7,200	-
Robert Noyce Teacher Scholarship Program: University and Community College Collaboration for Mathematics and Biology Scholar Teacher Education	47.076		338,254	18,935
Chicago STEM Teaching Collaborative: Developing a STEM Master Teachers Program	47.076		18,209	-
Building Capacity: Addressing Critical Transitions of First-Year STEM Students	47.076		124,670	-
Passed-Through Harold Washington College Exploring the Impact of Cultural Wealth & Scholarship on Community College Students Success in STEM	47.076	18050523-NEIUSA1	17,431	-
Total Education and Human Resources			<u>544,539</u>	<u>18,935</u>
Total National Science Foundation			<u>803,199</u>	<u>18,935</u>
Department of Health and Human Services				
Biomedical Research and Research Training				
NU-STARS for Northeastern Illinois Student Training in Academic Research in the Sciences	93.859		337,650	-
Passed-Through Ithaca College Signaling Specificity Mediated by the C. Elegans FGF Receptor Tyrosine Kinase	93.859	R15GM122001	13,135	-
Total Biomedical Research and Research Training			<u>350,785</u>	<u>-</u>
Cancer Centers Support Grants				
The Chicago Collaborative to Promote and Advance Cancer Health Equity	93.397		726,850	-
Total Cancer Centers Support Grants			<u>726,850</u>	<u>-</u>
Cancer Cause and Prevention Research				
Passed-Through Northwestern University Patient Navigation 2.0: Addressing the Challenge of Scaling Navigation through Checklist-based Implementation	93.393	60056069	9,017	-
Total Cancer Treatment Research			<u>9,017</u>	<u>-</u>
Total Department of Health and Human Services			<u>1,086,652</u>	<u>-</u>
Department of Agriculture				
Higher Education-Multicultural Scholars Grant Program				
Multicultural Scholars Program	10.220		27,096	-
Total Higher Education-Multicultural Scholars Grant Program			<u>27,096</u>	<u>-</u>

NORTHEASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal Assistance Listing Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
Hispanic Serving Institutions Education Grants Agriculture and Undergraduate Achievement	10.223		146	-
Total Hispanic Serving Institutions Education Grants			<u>146</u>	<u>-</u>
Total Department of Agriculture			<u>27,242</u>	<u>-</u>
Total Research and Development Cluster			<u>1,917,093</u>	<u>18,935</u>
TRIO Cluster				
Department of Education				
TRIO Talent Search	84.044		512,086	-
TRIO McNair Post-Baccalaureate Achievement	84.217		247,844	-
TRIO Upward Bound				
TRIO Upward Bound Pathways	84.047		265,012	-
TRIO Upward Bound Math and Science Pathways	84.047		283,169	-
TRIO Student Support Services	84.042		<u>627,824</u>	<u>-</u>
Total Department of Education			<u>1,935,935</u>	<u>-</u>
Total TRIO Cluster			<u>1,935,935</u>	<u>-</u>
Department of Education				
Twenty-First Century Community Learning Centers				
Passed-Through Illinois State Board of Education				
Project 4421-15: Pathways	(M) 84.287	15-016-5405-51	209,349	-
Project 4421-13: Austin	(M) 84.287	15-016-5405-51	507,655	18,060
Project 4421-19: Craft	(M) 84.287	15-016-5405-51	558,144	40,126
Project 4421-25: Morton Success	(M) 84.287	15-016-5405-51	<u>445,377</u>	<u>-</u>
Total Twenty-First Century Community Learning Centers			<u>1,720,525</u>	<u>58,186</u>
Higher Education Institutional Aid				
EXITO: Exit on Time in STEM	84.031		1,150,816	255,708
A Comprehensive System of Support: Increasing				
Retention into the Third Year	84.031		433,700	-
Title V: Developing Hispanic-Serving Institutions Program	84.031		494,407	114,796
CASA: Creating Access to STEM for All	84.031		<u>57,930</u>	<u>-</u>
Total Higher Education Institutional Aid			<u>2,136,853</u>	<u>370,504</u>
Rehabilitation Long-Term Training				
Rehabilitation Long-Term Training Program - Vocational Rehabilitation	84.129		<u>210,348</u>	<u>-</u>
Gaining Early Awareness and Readiness for				
Undergraduate Programs	(M) 84.334		<u>6,796,983</u>	<u>1,043,397</u>
Education Stabilization Fund				
COVID-19 Higher Education Emergency Relief Fund:				
Student Aid Portion	(M) 84.425E		3,284,438	-
COVID-19 Higher Education Emergency Relief Fund:				
Institutional Aid Portion	(M) 84.425F		7,263,906	-
COVID-19 Higher Education Emergency Relief Fund:				
Minority Serving Institutions	(M) 84.425L		2,212,357	-
Passed-Through Illinois Board of Higher Education				
COVID-19 Governor's Emergency Education Relief Fund	(M) 84.425C	21GEERNEIU	<u>1,396,359</u>	<u>-</u>
Total Education Stabilization Fund			<u>14,157,060</u>	<u>-</u>

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal Assistance Listing Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)				
Education Innovation and Research	84.411		103,727	-
Passed-Through University of California-Irvine	84.411	223215	17,204	-
Total Education Innovation and Research			<u>120,931</u>	<u>-</u>
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program				
Passed-Through Indiana University				
Central Asia Past and Present	84.015A	N/A	1,999	-
Total Department of Education			<u>25,144,699</u>	<u>1,472,087</u>
Department of Health and Human Services				
Block Grants for Prevention and Treatment of Substance Abuse				
Passed-Through Illinois Department of Human Services				
Substance Abuse Prevention	93.959	43CXZ03274	93,382	-
Total Department of Health and Human Services			<u>93,382</u>	<u>-</u>
Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus				
Sexual Assault and Violence Prevention Project	16.525		88,170	11,882
Byrne Criminal Justice Innovation Program				
Passed-Through Teamwork Englewood and Englewood Quality-of-Life Task Force				
Byrne Criminal Justice Innovation Program				
Category 2: Planning and Implementation Grant	16.817	N/A	21,858	-
Total Department of Justice			<u>110,028</u>	<u>11,882</u>
Department of Defense				
GenCyber Grants Program				
Passed-Through National Security Agency				
2020 Gencyber Northern Illinois	12.903	H98230-20-1-0110	14,639	-
Total Department of Defense			<u>14,639</u>	<u>-</u>
Department of State				
Academic Exchange Programs - Undergraduate Programs				
Capacity Building for U.S. Study Abroad Program	19.009		8,943	-
Total Department of State			<u>8,943</u>	<u>-</u>

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal Assistance Listing Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals Passed-Through Governors State University Importance of Arts Participation for the Sense of Belonging and Academic Outcomes of University Students of Color	45.024	NEIUFY21	750	-
Total National Endowment for the Arts			<u>750</u>	<u>-</u>
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Passed-Through Illinois Emergency Management Agency Public Assistance Grants	97.036	000-UK2UB-00	10,215	-
Total Department of Homeland Security			<u>10,215</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 58,192,758</u>	<u>\$ 1,502,904</u>

(M) - Program was audited as a major program.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeastern Illinois University (University) for the year ended June 30, 2021 which are recorded on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received directly from federal agencies as well as federal awards passed through other government and nonprofit agencies are included on the schedule. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

As of June 30, 2021, the University's outstanding loan balance totaled \$921,817 under the Federal Perkins Loan Program (CFDA #84.038) and loans made to eligible student during the year totaled \$0. Administrative costs charged to the loan program is \$0.

NOTE 3 TOTAL NEW FEDERAL STUDENT LOANS

During the audit period, the University processed the following amounts under the Federal Direct Student Loans Program (CFDA #84.268):

Direct Subsidized Loans	\$	5,037,984
Direct Unsubsidized Loans		9,689,324
Direct Graduate PLUS Loans		49,864
Direct Parent Plus Loan		459,147
		459,147
Total	\$	15,236,319

There were no administrative costs charged to the Federal Direct Student Loans Program.

NOTE 4 NONMONETARY ASSISTANCE

During the period, the University did not have any nonmonetary assistance.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
For the Year Ended June 30, 2021

NOTE 5 INSURANCE DISCLOSURE

During the period, there were no federally-funded insurance in effect.

NOTE 6 DONATED PERSONAL PROTECTIVE EQUIPMENT

During the period, the University did not receive donated personal protective equipment.

