

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

**State Compliance Examination
For the Year Ended June 30, 2021**

**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, 2021

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NORTHERN ILLINOIS UNIVERSITY
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UNIVERSITY OFFICIALS

President	Lisa C. Freeman
Executive Vice President and Provost	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer	Sarah Chinniah
Associate Vice President for Finance and Treasury	Shyree Sanan
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
Director of Internal Audit	Danielle Schultz

Financial Staff

Controller	Jason Askin
Deputy Controller	Greg Martyn
Financial Reporting Manager	Kathy Marshall

NIU Board Members

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

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



NORTHERN ILLINOIS UNIVERSITY

Division of Administration and Finance

June 14, 2022

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 assertions during the period ended June 30, 2021. Based on this evaluation, we assert that during the year ended June 30, 2021, the University has materially complied with the assertions 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

Lisa Freeman
President

SIGNED ORIGINAL ON FILE

Bryan Perry
Vice President and General Counsel

SIGNED ORIGINAL ON FILE

Shyree Sanan
Associate Vice President for Finance and Treasury

SIGNED ORIGINAL ON FILE

Jason Askin
Controller

Your Future. Our Focus.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
State Compliance Examination
Compliance Report
For the Year Ended June 30, 2021

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, disclaimers, or other significant nonstandard language.

SUMMARY OF FINDINGS

Number of Findings	<u>Current Report</u>	<u>Prior Report</u>
Repeated Findings	18	16
Prior Recommendations Implemented or Not Repeated	14	9
	2	3

Schedule of Findings

Current Findings

Item No.	Page	Last/First Reported	Description	Finding Type
2021-001	8	2020/2020	Inadequate Internal Controls over Census Data	Material weakness
2021-002	11	2020/2017	Enrollment Status Reporting	Significant deficiency and noncompliance
2021-003	13	2020/2020	Information Technology Risk Assessment Not Performed	Significant deficiency and noncompliance
2021-004	15	New	Higher Education Emergency Relief Fund Reporting	Significant deficiency and noncompliance
2021-005	17	2020/2012	Inadequate Internal Controls over Contracts	Significant deficiency and noncompliance
2021-006	19	2020/2005	Failure to Submit Proper Time Reporting	Significant deficiency and noncompliance
2021-007	20	2020/2018	Lack of Annual Performance Reviews	Significant deficiency and noncompliance
2021-008	21	2020/2018	Inadequate Controls over I-9 Forms	Significant deficiency and noncompliance
2021-009	22	2020/2019	Inadequate Controls over Employee Terminations	Significant deficiency and noncompliance
2021-010	23	2020/2019	Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act	Significant deficiency and noncompliance
2021-011	24	2020/2018	Subsidies between Accounting Entities	Significant deficiency and noncompliance
2021-012	25	2020/2015	Inadequate Controls over Property and Equipment	Significant deficiency and noncompliance
2021-013	27	2020/2020	Noncompliance with the Illinois Articulation Initiative Act	Significant deficiency and noncompliance
2021-014	28	2020/2020	Lack of Annual Employee Trainings	Significant deficiency and noncompliance
2021-015	29	New	Untimely Reporting of Auto Accidents	Significant deficiency and noncompliance
2021-016	30	New	Inadequate Controls over Procurement Card Use	Significant deficiency and noncompliance
2021-017	31	2020/2020	Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers	Significant deficiency and noncompliance
2021-018	33	New	Inadequate Controls Over Terminated Employee User Accounts	Significant deficiency and noncompliance

NORTHERN ILLINOIS UNIVERSITY
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SUMMARY OF FINDINGS (Continued)

Prior Findings Not Repeated

Item No.	Page	Last/First Reported	Description
A	34	2020/2020	Inadequate Controls over Awarding of Direct Loans
B	34	2020/2020	Weaknesses in Cybersecurity Programs and Practices

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Jason Askin, Controller, on April 15, 2022. The responses to the recommendations were provided by Jason Askin, Controller, in a correspondence dated April 22, 2022.



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, 2021. 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 opinion.

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

In our opinion, the University complied with the specified requirements during the year ended June 30, 2021, in all material respects. Our examination 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 2021-005 through 2021-018.

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

The other information, as listed in the table of contents, was not subjected to the procedures applied in the examination and we do not express an opinion, a conclusion, nor provide any assurance on such information.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with 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

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

of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-005 through 2021-018 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

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

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 14, 2022

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2021

2021-001 – 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 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 multiemployer 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 and CMS 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 and CMS the incremental changes recorded by SURS and CMS 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 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 \$1,542,712 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.

For employers where their employees participate in plans with multiemployer 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 actuary using incomplete or inaccurate census data within similar agent multiemployer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active

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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 IRS'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)).

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

University officials indicated that additional time was required in order to perform a complete base year reconciliation of the SURS and CMS data used in the actuarial valuations. Additional time was also required to establish a process or procedure for performing a complete annual reconciliation for the incremental changes during the year with SURS and CMS.

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,

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For the Year Ended June 30, 2021

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 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 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.

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 is currently in the process of completing an initial full reconciliation of the census data. The University will revise its current processes and procedures to include an annual reconciliation of the incremental changes to the census data from the prior valuation, ensuring that census data submitted to its pension and other postemployment benefits (OPEB) plans is complete and accurate.

NORTHERN ILLINOIS UNIVERSITY
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Schedule of Findings
Current Findings
For the Year Ended June 30, 2021

Finding 2021-002 – Enrollment Status Reporting

Federal Agency: U.S. Department of Education (USDE)

Program Name: Student Financial Assistance Cluster

Federal AL Number and Program Expenditures: 84.007/84.033/84.063/84.268/84.379 (\$108,119,173)

Award Numbers: P007A161243/P033A161243/P063P161370/P268K171370/P379T171370

Questioned Costs: None

CONDITION FOUND

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

During our testing from a statistically valid sample, we noted 6 of 40 students tested (15%) did not have their enrollment status correctly reported to the NSLDS.

CRITERIA OR REQUIREMENT

The NSLDS Enrollment Reporting Guide section 3.3 states, schools must have some arrangement to report student enrollment data to NSLDS through an enrollment roster file. Section 4.3 of the Enrollment Guide requires schools to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date.

Federal Student Aid Handbook (Volume 2, pg. 2-75 and 2-76) states the school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. In addition, whether or not a third-party servicer is utilized, the school is ultimately responsible for notifying NSLDS of student enrollment changes.

The Uniform Grant Guidance (2 CFR 200.303) requires the University establish and maintain effective internal control over the Federal awards that provides reasonable assurance the University 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 changes in enrollment status of required students are reported accurately.

CAUSE

University Officials stated the six identified instances involved student enrollment status changes that fell outside the parameters for automatic inclusion in the University's regular enrollment status reports. The necessary manual updates were not made timely due to turnover within the department and challenges arising from the transition to a remote working environment as a result of the global pandemic.

POSSIBLE ASSERTED EFFECT

If the enrollment status is not being reported correctly to the NSLDS, the University is at risk of noncompliance. (Finding Code No. 2021-002, 2020-002, 2019-001, 2018-003, 2017-006)

STATISTICAL SAMPLING

This sample was a statistically valid sample.

NORTHERN ILLINOIS UNIVERSITY
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RECOMMENDATION

We recommend the University establish and maintain internal controls to ensure enrollment status is being correctly reported to the NSLDS.

UNIVERSITY RESPONSE

Accepted. The University has modified its business processes to ensure better training, oversight, and documentation for student enrollment reporting, and to increase communication and collaboration between the responsible campus business units to ensure compliance. The University has also engaged consultants with expertise in student enrollment reporting requirements and the University ERP system to conduct a comprehensive business process and technical review. The University will review the NSLDS Enrollment Reporting Guide on a periodic basis to ensure compliance with new or updated regulations. These expanded efforts will enable the University to ensure strict compliance with its statutory obligation to report student enrollment to NSLDS® accurately and timely.

NORTHERN ILLINOIS UNIVERSITY
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Finding 2021-003 – Information Technology Risk Assessment Not Performed

Federal Agency: U.S. Department of Education (USDE)

Program Name: Student Financial Assistance Cluster

Federal AL Number and Program Expenditures: 84.007/84.033/84.063/84.268/84.379 (\$108,119,173)

Award Numbers: P007A161243/P033A161243/P063P161370/P268K171370/P379T171370

Questioned Costs: None

CONDITION FOUND

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

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

CRITERIA OR REQUIREMENT

The Standards for Safeguarding Customer Information, required by the Gramm-Leach-Bliley Act (GLBA) (16 CFR §314.4(b)), require the University to identify reasonably 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 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.

Additionally, the Uniform Grant 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.

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, Risk Assessment section, requires entities to conduct risk assessments to identify threats and vulnerabilities and determine the likelihood and magnitude of harm to the organization's operations and assets.

CAUSE

University management stated due to the timing of when the University was notified of the audit deficiency and the start of the next audit cycle, there was insufficient timing to conduct a comprehensive risk assessment to fully resolve this finding.

NORTHERN ILLINOIS UNIVERSITY
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POSSIBLE ASSERTED EFFECT

Without performing an adequate comprehensive risk assessment, the University is at risk of noncompliance with the GLBA. In addition, there is a risk that University systems and information could be vulnerable to attacks or intrusions, and these attacks may not be detected in a timely manner. (Finding Code No. 2021-003, 2020-004)

STATISTICAL SAMPLING

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

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 students' information. In addition, we recommend the University ensure proper safeguards are in place to ensure the security of student information.

UNIVERSITY RESPONSE

Accepted. The University currently has safeguards in place that ensure the security of student information and has designated an individual to coordinate its information security program. The University has begun the process of conducting a comprehensive risk assessment identifying internal and external risks to the security, confidentiality, and integrity of student's information and will document safeguards in place to ensure the security of student information.

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Finding 2021-004 – Higher Education Emergency Relief Fund Reporting

Federal Agency: U.S. Department of Education (USDE)

Program Name: Education Stabilization Fund

Federal AL Number and Program Expenditures: 84.425C/84.425E/84.425F (\$24,194,617)

Award Numbers: P425F202766/P425E200392/P425F202766-20A/P425F202766-20B/21GEERNIU/21RFP06/21-4998-EC

Questioned Costs: None

CONDITION FOUND

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

During our testing of reporting requirements for HEERF programs, we noted for the student aid portion the University did not timely post a subsequent 45-day report due on July 11, 2020. This report was posted 11 days late on July 22, 2020. Additionally, the University did not timely post a required quarterly report covering July 1, 2020, through September 30, 2020, due October 10, 2020. This report was posted 18 days late on October 28, 2020.

CRITERIA OR REQUIREMENT

According to an electronic announcement (EA) by the Department of Education (ED) on May 6, 2020, the ED required institutions that received a HEERF 18004(a)(1) Student Portion Aid award to publicly post certain information on their website no later than 30 days after award, and update that information every 45 days thereafter by posting a new report. On August 31, 2020, the ED revised the EA with 85 FR 53802, which decreased the frequency of subsequent reporting from every 45 days to 10 days after every calendar quarter.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure reports are posted timely.

CAUSE

University Officials stated Due to the instability and uncertainty about future HEERF reporting timelines, and a change in reporting timeline mid-stream, NIU posted two HEERF student reports later than required.

POSSIBLE ASSERTED EFFECT

Without proper program reporting policies and procedures, the posting of late reports results in noncompliance with Federal regulation and could result in the loss of future funding. (Finding Code No. 2021-004)

STATISTICAL SAMPLING

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

RECOMMENDATION

We recommend the University review and update current policies and procedures to ensure HEERF program reporting requirements are completed timely.

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UNIVERSITY RESPONSE

Accepted. The University is committed to reviewing and posting all required HEERF reporting on-time. In August 2020, the Department of Education issued guidance to eliminate the 45-day reporting requirement which decreased the frequency of subsequent reporting from every 45 days to 10 days after every calendar quarter. In addition, HEERF reports are required to be compiled and submitted to the Department of Education by email in addition to posting on the University's website, which further documents the submission date. University Officials meet as needed to discuss reporting requirements, deadlines, and interpretations of regulations to ensure timely reporting.

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Finding 2021-005 – 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, 2021, we noted the following:

- Thirteen contracts (33%) totaling \$425,303 were not approved prior to goods or services being provided. The contracts were executed between 8 to 145 days after the commencement of the services or the receipt of the goods.
- One contract (3%) totaling \$9,047 did not contain the required level of approval based on the purchase amount.

During our review of 5 inter and intra agency contracts for the year ending June 30, 2021, we noted the following:

- Two contracts (40%) totaling \$1,816,000 were not approved prior to goods or services being provided. The contracts were executed between 21 and 49 days after the commencement of the services or the receipt of the goods.

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.

Northern Illinois University's Illinois Procurement Code Procedure within the University's Business Procedure Directory states all purchases must be made with a purchase order or P-Card, and that a purchase order requires, at minimum, an authorized buyer's signature. Purchase orders \$5,000 and above require an authorized buyer signature along with the signature of the Director, Associate Director, or Manager of Procurement Services.

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 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 one contract that did not contain appropriate approval was an isolated oversight.

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. 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 to ensure contracts are complete and properly approved prior to performance. We also recommend the University adhere to State laws and regulations.

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UNIVERSITY RESPONSE

Accepted. The University will continue to educate campus departments and responsible officers on university policies and procedures. Additionally, the University will continue to create vendor awareness and issue reminders through an improved workflow process in efforts to mitigate performance prior to the completion of a purchase order.

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Finding 2021-006 – Failure to Submit Proper Time Reporting

Northern Illinois University (the 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 20 employees (50%) (10 faculty and 10 Graduate Assistants) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

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 polices 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.

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.

By not requiring appropriate time sheets from all of 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 timesheets, errors could go undetected. (Finding Code No. 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.

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 legislation to remove the requirement. Until new legislation is passed, the University will continue to remind departments of the current written University policy.

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Finding 2021-007 – Lack of Annual Performance Reviews

Northern Illinois University (the 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 14 employees (31%) 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 to improve automation over existing procedures.

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. 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 a reminder for supervisors of Supportive Professional Staff and required Civil Service evaluations and will investigate possibilities for streamlining the process.

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Finding 2021-008 – Inadequate Controls over I-9 Forms

Northern Illinois University (the 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:

- Five employees (13%) did not complete the preparer and/or translator certification portion of section 1 of the I-9 form.
- 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 the hire date per I-9 and the employee personnel file do not match.
- One employee (3%) did not complete Section 2 of the I-9 form properly as their first day of employment was not filled out.
- One employee (3%) did not have an I-9 form on file.

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 the I-9 form and 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. 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 implemented a new process in FY21 for Form I-9 employment eligibility verification. The I-9 verification has been centralized and is now automated as part of the new employee onboarding process and expected to address this audit recommendation.

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Finding 2021-009 – Inadequate Controls over Employee Terminations

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

During our testing of 10 terminated employees, we noted:

- Eight terminated employees (80%) were not properly removed from payroll timely resulting in these employees being paid past their termination date.
- One terminated employee's (10%) last paycheck was not correct for the hours worked, per their timesheet.

As a result, nine total employees (90%) received unearned compensation amounting to a total gross pay of approximately \$12,202. After these overpayments were uncovered, the University was able to recover the overpayment amounts from six of the nine former employees leaving an unrecovered amount of \$2,914.69.

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. 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 has launched a campus wide initiative to identify administrative practices, policies and procedures that could be transformed, simplified or eliminated. As part of this initiative, the University will review its process for terminations to identify gaps in offboarding communication between departments. Additionally, the University will identify specific roles responsible for terminations in each department and formalize a systems-based solution.

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Finding 2021-010 – Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act

Northern Illinois University (the University) did not comply with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (Act).

During our review of five contract renewals for the year ending June 30, 2021, we noted four contract renewals (totaling \$899,403) did not have sufficient evidence to determine whether they were reviewed 6 months prior to their renewal.

The Business Enterprise for Minorities, Women and Persons with Disabilities Act (110 ILCS 575/8i) states that State agencies and public institutions of higher education shall review all existing contracts prior to the time of renewal to determine if the contract goal is being met by the prime vendor; review all existing contracts prior to the time of renewal to determine if the contract goal should be increased based upon market conditions and availability of firms certified pursuant to this Act; review existing contracts with no contract goal to determine if a goal can be established; if it is determined that a contract goal can be established, the State agency or public institution of higher education shall encourage the prime vendor to amend the contract to include the contract goal; a prime contractor shall be required to complete a utilization plan to demonstrate how it intends to meet the contract goal; and review renewals at least 6 months prior to renewal to allow adequate time to rebid if it is determined that the prime contract has not demonstrated good faith efforts towards meeting the contract goal.

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 compliance with the requirements of the Act.

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 all of the contract renewals were completed 6 months prior to their renewal; however, the part of the corrective action plan to address documenting support of the review was not finalized until the end of the fiscal year.

Failure to implement policies and procedures evidencing contract review results in noncompliance with the Act. (Finding Code No. 2021-010, 2020-010, 2019-009)

RECOMMENDATION

We recommend the University adhere to written procedures and establish internal controls to ensure compliance with applicable statutory and regulatory requirements.

UNIVERSITY RESPONSE

Accepted. The University has made substantive steps to implement the various requirements of the Act and associated administrative requirements. The University will continue to make steps towards full implementation of controls and procedures necessary to ensure documentation of efforts to review renewals six months in advance to ensure compliance with the Act.

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Finding 2021-011 – Subsidies between Accounting Entities

Northern Illinois University (the 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. 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 University implemented a multi-year plan to balance revenues and expenses of this activity, however, the plan has been delayed as a result of the COVID-19 pandemic. The University will resume its multi-year planning efforts in FY22 which will address subsidies between accounting entities.

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Finding 2021-012 – Inadequate Controls over Property and Equipment

Northern Illinois University (the University) did not fully comply with requirements applicable to its property and equipment.

We reviewed the University's property inventory certification, dated January 19, 2021, which was submitted to the Illinois Department of Central Management Services (DCMS). The inventory certification to DCMS reported 116 pieces of equipment (summing to \$143,047) that could not be located by the University. These assets were acquired by the University during past fiscal years. Included in this listing were chairs, computers, projectors, servers, iPads, electronic storage devices, microscopes, and other lab equipment. 74 of the 116 items (64%) were missing electronic data processing (EDP) equipment.

During our review of the University's adherence to policies and procedures over protecting and tracking equipment with confidential and sensitive information, we sampled seven items from the 74 EDP items within the DCMS inventory certification. We noted three of seven missing pieces of EDP equipment items sampled (43%), did not have a Missing Asset Investigation Form filed in a timely manner, ranging from 98 to 124 days late.

During our testing of 25 equipment additions, we noted four additions (16%) totaling \$7,089 were actually acquired in a previous fiscal year. These assets were not reported timely on the University's C-15 reports with years of acquisition ranging from fiscal year 2015 to 2020 and as such were not recorded as acquisitions timely.

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

University policies and procedures require, for items that have gone missing, the responsible officers must complete a "Missing Asset Internal Investigation Form" and submit the form to Property Control during the current inventory cycle.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 90 days of acquisition, change or deletion of equipment items.

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. The University's system of internal controls should include procedures to ensure all State property is timely and accurately reported to the University Property Control Department. The University's system of internal controls should also include procedures to ensure all State property is properly recorded and reported timely to the Office of Comptroller.

This finding was first noted during the examination of the year ended June 30, 2015. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated employees across the campus did not follow policies and procedures regarding the safeguarding of tagged assets. Responsible officers did not follow university policies regarding the completion of Missing Asset Internal Investigation forms. Assets not reported timely were due to incomplete information which required additional time to reconcile tagged assets to the general ledger information.

The lack of proper internal controls over equipment may result in theft and misuse of assets not being reported timely, resulting in a loss to the University, as well as additional spending to replace those assets. Failure to file accurate C-15 reports may impede the Office of Comptroller's ability to maintain accurate and current property information at a summary level. (Finding Code No. 2021-012, 2020-012, 2019-011, 2018-012, 2017-010, 2016-011, 2015-010)

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RECOMMENDATION

We recommend the University continue to strengthen its internal controls over the accountability of University property and equipment.

UNIVERSITY RESPONSE

Accepted. The University has established policies and procedures for accountability of missing items including review from senior leadership. The annual physical inventory process has moved to a centralized location, allowing Responsible Officers to update asset locations on a more frequent/real-time basis. This will help Responsible Officers better track their assets.

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Finding 2021-013 – Noncompliance with the Illinois Articulation Initiative Act

Northern Illinois University (the University) did not submit a minimum of one course per major under the Illinois Articulation Initiative (Initiative or IAI) for some 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 111 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 79 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 art, early childhood education, physics, and psychology degree programs.

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.

University officials stated submission of the necessary materials requires coordination across multiple academic units and was delayed during the 2020-2021 academic year due to challenges with the global pandemic. The IAI boards assess courses only twice per year. Materials for all required courses were compiled and submitted to the IAI for the Fall 2021 panel review session.

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. 2021-013, 2020-013)

RECOMMENDATION

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

UNIVERSITY RESPONSE

Accepted. The University has taken action to identify applicable majors, has completed an internal review to determine which courses met the criteria for attachment to the major, and has submitted the findings to the Illinois Board of Higher Education for final determination.

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Finding 2021-014 – Lack of Annual Employee Trainings

Northern Illinois University (the University) did not conduct trainings for 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, four employees (40%) did not complete their sexual harassment training within 30 days of being hired. The number of days late ranged from 6 days to 75 days.
- Of the 30 active employees tested, two employees (7%) did not complete an annual sexual harassment training during fiscal year 2021.

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.

University officials stated the noted employee trainings were not completed timely due to departments and 2 active employees not following policy and procedures. For the noted 10 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. 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 trainings completed as part of the employee onboarding process to ensure trainings are completed timely after hiring. The University is in the process of implementing a reminder system to ensure that required annual trainings are completed timely.

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Finding 2021-015 – Untimely Reporting of Auto Accidents

Northern Illinois University (the 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 23 accidents that occurred during fiscal year 2021, and noted the following:

- The University did not timely file the SR-1 form with CMS for three accidents (from 9 to 20 days late).
- One accident was not reported to Transportation Services within one business day (16 days late).
- Supplemental accident reports were not completed and submitted timely to Transportation Services for four accidents (from 2 to 22 days late).
- An SR-1 form was not completed and submitted timely to Transportation Services for four accidents (from 2 to 22 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. 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 improve communication for timely reporting.

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Finding 2021-016 – Inadequate controls over Procurement Card Use

Northern Illinois University (the 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 \$52,621), we noted the following:

- Fourteen transactions (35%) (totaling \$11,227) were not approved in a timely manner. The approvals ranged from 1 to 4 days late.
- One transaction (3%) (totaling \$250) which required advance approval of the purchase was not documented.
- One transaction (3%) (totaling \$918) where adequate supporting documentation, such as a receipt to substantiate the expense, was unable to be provided

The University had approximately 340 procurement cards active during the fiscal year and \$4,982,852 of expenditures during the year ended June 30, 2021.

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 failure to obtain, upload, and retain receipts and other supporting documentation is a misuse or violation.

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. The University's system of 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 timely review, obtain appropriate levels of approval, and support all procurement card transactions in accordance with University policies could result in erroneous or fraudulent transactions being recorded in the general ledger system. (Finding Code No. 2021-016)

RECOMMENDATION

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

UNIVERSITY RESPONSE

Accepted. The University will continue to train program participants to improve understanding of current policies and procedures.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2021

Finding 2021-017 – Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers

Northern Illinois University (University) had weaknesses regarding the review of independent internal control review over its service providers.

We requested the University provide the population of service providers utilized by the University to determine if they had reviewed the internal controls over the service providers. In response to our request the University provided a listing of service providers; however, they did not provide documentation demonstrating the listing was complete.

Due to these conditions, we were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitations noted above, we performed testing of the service providers utilized by the University from the listing provided by the University.

During our testing, we noted:

- The University had not established procedures to obtain and review System and Organization Control (SOC) reports to ensure adequate controls had been established within the service providers' environment.
- Although the University had obtained SOC reports for the service providers identified, an analysis of the reports and Complementary User Entity Controls (CUECs) had not been conducted.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that 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 to maintain accountability over the State's resources.

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 information technology 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.

University officials stated they maintain a listing of vendors; however, the list does not designate vendors as service providers. University officials also indicated they performed a review of the SOC reports, but did not document their review over the specific considerations because of oversight.

Without having obtained and reviewed a SOC report or another form of independent internal control reviews, the University does not have assurance the service providers' internal controls are adequate to ensure services provided are accurate and secure. (Finding Code No. 2021-017, 2020-015)

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2021

RECOMMENDATION

We recommend the University strengthen its controls in identifying and documenting all service providers utilized. Further, we recommend the University obtain or perform independent reviews of internal controls with service providers at least annually. In additions, we recommend the University:

- Established procedures to obtain and review SOC reports to ensure adequate controls had been established within the service providers' environment.
- 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.

UNIVERSITY RESPONSE

Accepted. The University has procedures to obtain and review SOC reports for its service providers. However, the University will establish a process for documenting all service providers utilized and establish procedures for documenting its request and review of the SOC reports.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Current Findings
For the Year Ended June 30, 2021

Finding 2021-018 – Inadequate Controls Over Terminated Employee User Accounts

Northern Illinois University (University) did not terminate separated employees' user accounts within the Financial Management System (FMS).

We reviewed the University's terminated employee listing, noting 49 of 4,411 (1%) user accounts had not been terminated.

The University's Identity and Access Control Policy requires employee account IDs to be disabled immediately upon separation from the University and all permissions and authorizations are to be removed.

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.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

University officials stated due to the COVID-19 pandemic related disruptions to operations coupled with technical staff departures and lack of resources the final implementation of the Lifecycle project was delayed.

The lack of adequate controls over access, could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2021-018)

RECOMMENDATION

We recommend the University review the process and controls related to disabling terminated users' accounts in the FMS application system to prevent unauthorized access or activity.

UNIVERSITY RESPONSE

Accepted. 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.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
Schedule of Findings
Prior Year Findings Not Repeated
For the Year Ended June 30, 2021

A. Inadequate Controls over Awarding of Direct Loans

During the prior year single audit, Northern Illinois University (the University) did not appropriately re-evaluate student financial need after the fall semester.

During the current year single audit, we noted the University strengthened its controls over the re-evaluation of student financial need. Similar exceptions were not noted during our current year sample testing. (Finding Code No. 2020-003)

B. Weaknesses in Cybersecurity Programs and Practices

During the prior year examination, Northern Illinois University (the University) had not implemented adequate internal controls related to cybersecurity programs and practices.

During the current year examination, we noted the University improved controls related to cybersecurity programs and practices. Similar exceptions were not noted during our current year testing. (Finding Code No. 2020-016)

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Schedule of Appropriations, Expenditures, and Lapsed Balances
Fourteen Months Ended August 31, 2021

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2021	Lapse Period		Balances Lapsed
			Expenditures July 1 to August 31, 2021	Total Expenditures	
Public Act 101-0637					
EDUCATION ASSISTANCE FUND - 0007					
Public Act 101-0637					
Lump sum appropriation	\$ 87,804,400	\$ (87,804,400)	\$ -	\$ (87,804,400)	\$ -
TOTAL EDUCATION ASSISTANCE FUND	87,804,400	(87,804,400)	-	(87,804,400)	-
STATE COLLEGE AND UNIVERSITY TRUST FUND - 0417					
Public Act 101-0637					
Scholarship fund	36,000	(19,369)	-	(19,369)	16,631
TOTAL STATE COLLEGE AND UNIVERSITY TRUST FUND	36,000	(19,369)	-	(19,369)	16,631
TOTAL APPROPRIATIONS	\$ 87,840,400	\$ (87,823,769)	\$ -	\$ (87,823,769)	\$ 16,631

Note 1: Public Act 101-0637 signed into law on June 10, 2020 provides a lump sum appropriation for fiscal year ending June 30, 2021.

Note 2: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of June 30, 2021, and have been reconciled to University records.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Schedule of Appropriations, Expenditures, and Lapsed Balances
Fourteen Months Ended August 31, 2020

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures		Balances Lapsed
			July 1 to August 31, 2020	Total Expenditures	
Public Act 101-0007					
EDUCATION ASSISTANCE FUND - 0007					
Public Act 101-0007					
Lump sum appropriation	\$ 87,804,400	\$ 87,804,400	\$ -	\$ 87,804,400	\$ -
TOTAL EDUCATION ASSISTANCE FUND	87,804,400	87,804,400	-	87,804,400	-
STATE COLLEGE AND UNIVERSITY TRUST FUND - 0417					
Public Act 101-0007					
Scholarship fund	36,000	20,450	-	20,450	15,550
TOTAL STATE COLLEGE AND UNIVERSITY TRUST FUND	36,000	20,450	-	20,450	15,550
TOTAL APPROPRIATIONS	\$ 87,840,400	\$ 87,824,850	\$ -	\$ 87,824,850	\$ 15,550

Note 1: Public Act 101-0007 signed into law on June 5, 2019 provides a lump sum appropriation for fiscal year ending June 30, 2020.

Note 2: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of June 30, 2020, and have been reconciled to University records.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Comparative Schedule of Net Appropriations, Expenditures,
and Lapsed Balances****For the Year Ended June 30, 2021 and 2020**

	Fiscal Years	
	2021	2020
	PA101-0637	PA101-0007
Education Assistance Fund - 0007		
Appropriations (net after transfers)	\$ 87,804,400	\$ 87,804,400
Expenditures		
Personal services	(83,222,815)	(83,157,026)
Contributions to Social Security and Medicare	(1,040,285)	(1,106,074)
Contractual services	-	-
CMS health insurance	(3,541,300)	(3,541,300)
Commodities	-	-
Equipment	-	-
Telecommunication services	-	-
Automotive	-	-
Total expenditures	<u>(87,804,400)</u>	<u>(87,804,400)</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
State College and University		
Trust Fund - 0417		
Appropriations (net after transfers)	\$ 36,000	\$ 36,000
Expenditures		
Scholarship Grant Awards	(19,369)	(20,450)
Lapsed Balances	<u>\$ 16,631</u>	<u>\$ 15,550</u>
Grand Total - All Funds		
Appropriations (net after transfers)	\$ 87,840,400	\$ 87,840,400
Total expenditures	<u>(87,823,769)</u>	<u>(87,824,850)</u>
Lapse balances	<u>\$ 16,631</u>	<u>\$ 15,550</u>

Note 1: Public Act 101-0637 signed into law on June 10, 2020 provides a lump sum appropriation for fiscal year ending June 30, 2021.

Note 2: Public Act 101-0007 signed into law on June 5, 2019 provides a lump sum appropriation for fiscal year ending June 30, 2020.

Note 3: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of June 30, 2021 and have been reconciled to University records.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

**Comparative Schedule of Net Expenditures by Major Activity
For the Year Ended June 30, 2021 and 2020**

EXPENDITURE STATISTICS

All State Treasury Funds

	<u>2021</u>	<u>2020</u>
Total Operations Expenditures:	\$ 87,804,400	\$ 87,804,400
Percentage of Total Expenditures:	100.0%	100.0%
Personal Services	83,222,815	83,157,026
Other Payroll Costs	4,581,585	4,647,374
Total Awards and Grants Expenditures:	\$ 19,369	\$ 20,450
Percentage of Total Expenditures:	0.0%	0.0%
GRAND TOTAL - ALL EXPENDITURES:	<u>\$ 87,823,769</u>	<u>\$ 87,824,850</u>

Note 1: Expenditures were obtained from the University's records and have been reconciled to the State Comptroller's records as of September 28, 2021, and October 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Analysis of Significant Variations in Expenses
June 30, 2021 and 2020
(in Thousands)

Following are explanations for significant variances between expense accounts reported in the Statement of Revenues, Expenses, and Changes in Net Position in the financial audit report exceeding \$2,000,000 and 10%:

	2021	2020	Increase (Decrease)	Percent Changes	Explanation
Instruction	\$ 212,028	\$ 187,566	\$ 24,462	13%	The increase is primarily due to the increase in the SURS and CMS on behalf expenses compared to the prior year.
Research	21,022	18,915	2,107	11%	The increase is primarily due to the increase in the SURS and CMS on behalf expenses compared to the prior year.
Interest expense	14,156	19,935	(5,779)	-29%	The decrease is primarily due to the bond refinancing which resulted in lower interest payments on revenue bonds.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Analysis of Significant Lapse Period Spending
June 30, 2021 and 2020
(in Thousands)

	2021	2020	Increase (Decrease)	Percentage Changes
Education Assistance Fund - 0007				
Personal services	\$ -	\$ -	-	-
Commodities	-	-	-	-
Equipment	-	-	-	-
Telecommunication services	-	-	-	-

Note 1: Public Act 101-0637 signed into law on June 10, 2020 provides a lump sum for fiscal year 2021 and allowed timely vouchering of expenditures to the State requiring no lapse spending.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Analysis of Significant Variations in Revenues
June 30, 2021 and 2020
(in Thousands)

Following are explanations for significant variances between revenue accounts reported in the Statement of Revenues, Expenses, and Changes in Net Position in the financial audit report exceeding \$2,000,000 and 10%:

	2021	2020	Increase (Decrease)	Percent Changes	Explanation
Federal and state grants and other contracts	\$ 30,603	\$ 27,143	\$ 3,460	13%	FY21 Federal grants and contracts increased as a result of additional rounds of Higher Educational Emergency Relief Fund awards.
Auxiliary enterprises	48,164	66,334	(18,170)	-27%	FY21 Auxiliary enterprises decreased primarily due to COVID-19 pandemic related impacts on housing, parking and other related auxiliary services.
On-Behalf for fringe benefits	33,399	25,062	8,337	33%	The increase is attributed to the increase in the on-behalf benefit allocation.
Special funding for fringe benefits	140,284	75,461	64,823	86%	The increase is attributed to an increase in the SURS benefit allocation.
Build America Bonds subsidy	-	2,509	(2,509)	-100%	The decrease is due to the bond refinancing in FY20.
Federal and state grants and other contracts	28,961	12,911	16,050	124%	FY21 non-operating revenues increased primarily due to the additional Federal Higher Education Emergency Relief Funds received by the University to assist with COVID-19 related impacts.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Schedule of Changes in Property
For the Year Ended June 30, 2021 and 2020

	Balance		Balance	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Land	\$ 19,280,619	\$ -	\$ -	\$ 19,280,619
Land improvements	93,052,596	-	183,925	93,236,521
Buildings	740,064,410	350,578	5,216,396	745,486,004
Leasehold Improvements	431,320	-	-	431,320
Equipment	239,000,016	4,141,082	-	239,411,806
Intangible assets	3,820,547	-	-	3,820,547
Construction in progress	7,506,936	1,964,862	(5,400,321)	4,023,774
Totals	\$ 1,103,156,444	\$ 6,456,522	\$ -	\$ 1,105,690,591

Note 1: This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT

Analysis of Significant Variations in Account Balances
June 30, 2021 and 2020
(in Thousands)

Following are explanations for significant variances between asset and liability accounts reported in the Statement of Net Position in the financial audit report exceeding \$2,000,000 and 10%:

	2021	2020	Increase (Decrease)	Percent Changes	Explanation
Current Assets:					
Cash and cash equivalents	\$ 17,112	\$ 3,125	\$ 13,987	448%	Cash and cash equivalents increased as a result of maturing short-term investments that were not reinvested.
Investments	13,092	30,608	(17,516)	-57%	Investments decreased as a result of investment maturities occurring during the fiscal year and fewer new investment purchases.*
Accounts Receivable - net	31,370	22,551	8,819	39%	The increase is primarily due to Federal relief funding recognized during FY21, but not received as of June 30, 2021.
Appropriations receivable from state	19	15,887	(15,868)	-100%	Appropriation payments were paid timely during FY2021 as compared to delayed payments as a result of the COVID-19 pandemic.
Noncurrent Assets:					
Restricted investments and marketable securities	45,040	30,763	14,277	46%	The increase is primarily due to an increase in sponsored projects.
Due from component units	10,956	8,084	2,872	36%	This increase is due to an increase in Foundation activity on behalf of the university.
Deferred Outflows of Resources:					
Other post-employment benefits deferred outflow	2,425	5,806	(3,381)	-58%	Deferred outflows of resources are based on actuarial calculations and fluctuate from year to year.
Noncurrent Liabilities:					
Performance contracts payable	19,084	22,217	(3,133)	-14%	The decrease is attributed to scheduled payments against debt based on amortization schedules.
Deferred Inflows of Resources:					
Other post-employment benefits deferred inflow	6,345	9,100	(2,755)	-30%	Deferred inflows of resources are based on actuarial calculations and fluctuate from year to year.

Note 1: FY20 Investment amount differs from prior year report due to GASB84 adjustments.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Analysis of Indirect Cost Reimbursements
Sources and Applications of Indirect Cost Reimbursements
For the Year Ended June 30, 2021

Balance, beginning of year	\$ 7,712,617
Sources	
Federal and state grants and contracts	3,847,629
Sales and services of educational activities	309,818
Other sources	306,665
Auxiliary enterprises	331,022
State appropriations - on-behalf payments	<u>1,162,819</u>
Total sources	5,957,953
Applications	
Research	3,216,547
Instruction	25,859
Public service	17,231
Academic support	546,990
Student services	-
Operation and maintenance of plant	21,416
Institutional support	<u>628,586</u>
Total applications	<u>4,456,629</u>
Transfers	<u>(488,952)</u>
Net increase/(decrease)	<u>1,012,372</u>
Balance, end of year	<u>\$ 8,724,989</u>

* The beginning balance has been restated to correct a prior error related to the presentation of Federal and State Grants and Contracts.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

AUXILIARY ENTERPRISES, ACTIVITIES, AND ACCOUNTING ENTITIES

1. All employer contributions, except for certain restricted federal funds, to the University retirement system are made from the General Revenue Fund appropriation to the State Universities Retirement System for this purpose. Accordingly, the portion of the retirement contribution attributable to employees in auxiliary enterprise operations is paid from appropriated funds and amounted to approximately \$19,153,736 and \$18,040,173 for the years ended June 30, 2021 and June 30, 2020, respectively.
2. The University's governing board has established no noninstructional facilities (development) reserves.

TUITION, CHARGES, AND FEES

Northern Illinois University does not have statutory authority to divert and is not diverting tuition to auxiliary enterprise operations.

BOND COVENANTS

There were no violations of revenue bond covenants noted during the audit of Northern Illinois University for the year ended June 30, 2021.

UNIVERSITY RELATED ORGANIZATIONS

1. Northern Illinois University Foundation and Northern Illinois Research Foundation are recognized by Northern Illinois University as related organizations.
2. There are no organizations considered by the University to be independent organizations as defined in Section VII of University Guidelines 1982, as amended in 1997 and 2020.
3. There are no unreimbursed subsidies between the University and its related organizations.

COMMENTS ON OTHER TOPICS

1. Income from investments of pooled funds is allocated and credited monthly to the original sources of the funds based on their respective cash balances.
2. In April 2014, the University issued Certificates of Participation (Capital Improvement Projects) in the amount of \$11,975,000 at a premium of \$1,140,000. The proceeds were used to refinance a 113,000 square foot facility located on the campus of and for the use of Northern Illinois University by redeeming all of the Illinois Development Finance Authority Lease Revenue Bonds (Northern Illinois Naperville Project) Series 1999 in the amount of \$11,630,000 and prepaying an Installment Payment Contract between the Board and Energy Systems Group, LLC in the amount of \$1,182,000. This resulted in approximate savings of \$916,000 in future debt service payments on the old debt. The Series 2014 COPs are payable through installments that commenced in 2015, for a period of eleven years. The interest is 4%-5%; the principal balance at June 30, 2021 is \$5,495,000.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Comments on Certain Matters

For the Year Ended June 30, 2021

3. On April 1, 2020, the University issued Auxiliary Facilities Systems Refunding Revenue Bonds, Series 2020A and Series 2020B to refund the remaining outstanding balance of the Auxiliary Facilities Systems Revenue Bonds, Series 2010 and Series 2011 as well as to pay for issuance costs associated with the refunding. As a result of the refunding, the University achieved cash flow savings of \$52.1 million and an economic gain on the refunding of \$43.1 million. The Series 2020A interest rate is variable and determined by the Bank Index Rate while the Series 2020B interest rate is fixed with rates ranging from 4.00% to 5.00%. The Series 2020A and 2020B bonds mature in varying amounts from 2021 through 2041.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Description of Accounting Entities
June 30, 2021

A listing of the University's auxiliary enterprise accounting entities, their purpose, and their sources of revenue as of June 30, 2021 is provided below:

AUXILIARY ENTERPRISES

Debt Financed Projects

Revenue Bond Funds

This entity represents all the activity of the Auxiliary Enterprises Revenue Bond Funds. This includes the student residence halls, student center, recreational facilities, and campus parking. Construction of each of these facilities was either fully or partially funded through the issuance of revenue bonds. The primary sources of revenue include room and board income, student fees, bookstore sales, food service operations, parking fees and fines, and investment income. The combined net revenues of these facilities, plus activity fees and surcharges that are assessed to all enrolled students, are pledged as security for the Bondholders under the terms of the Bond Agreement. Accordingly, the facilities related to this entity are considered restricted assets in accordance with GASB Statement No. 34.

Student Housing - Public Private Partnership

This entity represents the operations of two additional alternative housing facilities, the Northern View Apartments (off-campus) and First Year Residence hall (on-campus) both of which are currently managed by the University, but leased from the facilities owner, CHF-DeKalb, L.L.C., through July 1, 2048. The facilities owner financed construction of these two housing facilities with the proceeds of tax-exempt revenue bonds issued by the Illinois Finance Authority and determines the annual lease payments based on an annual operating budget submitted by the University. This entity is operated separately from the activity of the Auxiliary Enterprises Revenue Bond Funds.

A Revenue Fund has been established to deposit receipts from the rental operations of the facilities as collected, and amounts then disbursed to fund debt service, repairs and maintenance, Trustee expenses, and operational contingencies. Accordingly, the facilities related to this entity are considered restricted assets in accordance with GASB Statement No. 34.

Auxiliary Business Operations

This entity consists of auxiliary services primarily supported by student fees. The sub-entities are:

Lorado Taft - The purpose of this account is to support the operations of the Lorado Taft dormitory and food service. Income is from food sales, dorm rentals, conference fees, and facility use fees.

Student Contract Busing - This is the student campus bus operation. Income is from student fees.

University Health Service - The Health Service provides clinic-type services to University students. It is supported from student fees.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

SERVICE DEPARTMENTS

This group of accounts provides service to various University departments on a charge-back basis. Rates are established and reviewed periodically to operate each service department on a break-even basis.

INDIRECT COST SUPPORT

These accounts are supported by indirect cost reimbursements or accounts that receive funding as a by-product of federal grants. The funds pay for administrative costs, physical plant costs, including utilities, and grant proposals.

EDUCATIONAL ACTIVITIES

This entity consists of educational activities primarily supported by program fees. The sub-entities are:

Continuing Education Contract Courses

These activities are established to provide credit courses to individuals and groups external to the institution. Revenues are mainly from tuition for the courses.

Continuing Education and Public Service

These activities are established primarily to provide noncredit services to individuals and groups external to the institution. These activities include community service programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional services to particular sectors of the community.

Sales and Services of Educational Activities

Sales and services of educational activities support instruction and help demonstrate classroom or related educational techniques to students. Revenues are from services or materials furnished which are incidental to the department. Receipts are from testing, cartographic services, book sales, sales of instructional materials, and public opinion services.

Student Programs and Services

These programs are supported by student activity fees, gate receipts from athletic events, and income from concerts and performances sponsored by the Student Association.

In addition to the intercollegiate athletics program, the funds sponsor a variety of student functions, including speakers, acquisition of art objects, artist series, legal assistance, orientation, and grant-in-aid.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Comparative Schedule of Income Fund Revenues and Expenses****For the Year Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Income Fund Revenues		
Tuition and fees, net of waivers	\$ 147,689,521	\$ 148,995,661
Lab and other fees	252,809	1,200,101
Other	2,642,531	1,885,105
Transfer in from local funds	<u>1,498,212</u>	<u>3,523,235</u>
Total Income Fund Revenues	<u>\$ 152,083,073</u>	<u>\$ 155,604,102</u>
Income Fund Expenses		
Personal services	\$ 76,127,999	\$ 87,690,608
FICA/Medicare	1,220,735	1,287,955
Unemployment compensation benefits	74,271	58,097
Group insurance	(1,193,557)	(633,970)
Contractual services	37,424,217	38,736,113
Travel	48,582	756,590
Commodities	1,871,906	1,976,224
Equipment and library books	5,101,214	5,641,197
Telecommunications	355,743	317,113
Automotive	227,043	415,642
Award/grants and matching funds	6,555,746	6,606,478
Permanent improvements	176,568	683,751
Transfers out for nonrevenue bond debt service	<u>5,461,826</u>	<u>5,488,628</u>
Expense Subtotal	133,452,293	149,024,426
GASB No. 35 Adjustments		
Depreciation Expense	3,902,790	4,721,097
Capital asset additions/disposals	<u>(1,095,488)</u>	<u>(1,908,274)</u>
GASB No. 35 Adjustments Total	<u>2,807,302</u>	<u>2,812,823</u>
Total Income Fund Expenses	<u>\$ 136,259,595</u>	<u>\$ 151,837,249</u>

Note 1: Income fund revenues and expenses are reported gross of scholarship discounts, except those due to tuition and fee waivers.

Note 2: The University expanded the number of revenue lines disclosed for added clarity.

Note 3: GASB Statement No. 35 expense adjustments are reported separately to allow the University's income fund expenses to be shown on the same basis as other state agencies.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Condensed Financial Information
Statement of Net Position
Educational Activities
June 30, 2021

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Total
Assets					
Current fund:					
Cash and cash equivalents	\$ 4,793,608	\$ 9,015,380	\$ 6,194,340	\$ -	\$ 20,003,328
Accounts receivable	51,272	458,239	356,435	101,868	967,814
Inventories	-	-	-	-	-
Other assets	35,593	56,701	82,955	155,929	331,178
Subtotal current fund	4,880,473	9,530,320	6,633,730	257,797	21,302,320
Plant fund					
Plant fund assets	66,739	531,964	319,949	860,307	1,778,959
Total assets	\$ 4,947,212	\$ 10,062,284	\$ 6,953,679	\$ 1,118,104	\$ 23,081,279
Liabilities					
Accounts payable and accrued expenses	\$ 247,528	\$ 1,664,495	\$ 1,283,454	\$ 72,831,327	\$ 76,026,804
Unearned revenue	179,614	132,440	119,379	5,750,532	6,181,965
Subtotal liabilities	427,142	1,796,935	1,402,833	78,581,859	82,208,769
Fund balances					
Current fund	4,453,331	7,733,385	5,230,897	(78,324,062)	(60,906,449)
Plant fund	66,739	531,964	319,949	860,307	1,778,959
Subtotal fund balances	4,520,070	8,265,349	5,550,846	(77,463,755)	(59,127,490)
Total liabilities and fund balances	\$ 4,947,212	\$ 10,062,284	\$ 6,953,679	\$ 1,118,104	\$ 23,081,279

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Condensed Financial Information (continued)****Statement of Revenues, Expenditures, and Changes****in Current and Plant Fund Balances****Educational Activities (continued)****For the Year Ended June 30, 2021**

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Total
Current fund					
Beginning current fund balances	\$ 4,705,667	\$ 8,733,059	\$ 5,691,882	\$ (60,090,438)	\$ (40,959,830)
Revenues	2,264,318	7,781,341	5,961,508	24,480,610	40,487,777
Expenditures	(2,516,845)	(8,873,536)	(6,293,650)	(43,381,090)	(61,065,121)
Transfers	191	92,521	(128,843)	666,856	630,725
Ending current fund balances	\$ 4,453,331	\$ 7,733,385	\$ 5,230,897	\$ (78,324,062)	\$ (60,906,449)
Plant fund					
Beginning plant fund balances	\$ 41,512	\$ 636,280	\$ 281,778	\$ 820,672	\$ 1,780,242
Revenues	30,535	(50,183)	85,189	115,330	180,871
Expenditures	(5,308)	(54,133)	(47,018)	(75,695)	(182,154)
Ending plant fund balances	66,739	531,964	319,949	860,307	1,778,959
Total fund balances	\$ 4,520,070	\$ 8,265,349	\$ 5,550,846	\$ (77,463,755)	\$ (59,127,490)

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Condensed Financial Information (continued)****Statement of Net Position****Auxiliary Business Operations, Service Departments,****and Indirect Cost Support****June 30, 2021**

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Assets				
Current fund:				
Cash and cash equivalents	\$ 4,322,222	\$ 8,154,605	\$ -	\$ 12,476,827
Accounts receivable	172,790	173,844	86,047	432,681
Inventories	7,218	1,707,545	-	1,714,763
Other assets	76,811	392,498	40,019	509,328
Subtotal current fund	4,579,041	10,428,492	126,066	15,133,599
Plant fund				
Plant fund assets	236,261	4,684,359	1,598,410	6,519,030
Total assets	\$ 4,815,302	\$ 15,112,851	\$ 1,724,476	\$ 21,652,629
Liabilities				
Accounts payable and accrued expenses	\$ 125,683	\$ 8,689,945	\$ 8,875,057	\$ 17,690,685
Unearned revenue	1,797,425	274,720	45,000	2,117,145
Subtotal liabilities	1,923,108	8,964,665	8,920,057	19,807,830
Fund balances				
Current fund	2,655,933	1,463,827	(8,793,991)	(4,674,231)
Plant fund	236,261	4,684,359	1,598,410	6,519,030
Subtotal fund balances	2,892,194	6,148,186	(7,195,581)	1,844,799
Total liabilities and fund balances	\$ 4,815,302	\$ 15,112,851	\$ 1,724,476	\$ 21,652,629

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Condensed Financial Information (continued)****Statement of Revenues, Expenditures, and Changes
in Current and Plant Fund Balances****Auxiliary Business Operations, Service Departments,
and Indirect Cost Support (continued)****For the Year Ended June 30, 2021**

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Current Fund				
Beginning current fund balances	\$ 4,109,556	\$ (206,240)	\$ (6,000,390)	\$ (2,097,074)
Revenues	4,949,943	21,375,258	2,151,980	28,477,181
Expenditures	(4,876,437)	(19,705,191)	(4,456,629)	(29,038,257)
Transfers	(1,527,129)	-	(488,952)	(2,016,081)
Ending current fund balances	\$ 2,655,933	\$ 1,463,827	\$ (8,793,991)	\$ (4,674,231)
Plant Fund				
Beginning plant fund balances	\$ 195,073	\$ 5,606,069	\$ 1,686,440	\$ 7,487,582
Revenues	51,689	334,008	144,826	530,523
Expenditures	(10,501)	(1,255,718)	(232,856)	(1,499,075)
Transfers	-	-	-	-
Ending plant fund balances	236,261	4,684,359	1,598,410	6,519,030
Total fund balances	\$ 2,892,194	\$ 6,148,186	\$ (7,195,581)	\$ 1,844,799

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Condensed Financial Information (continued)
Statement of Net Position
Auxiliary Enterprises - Debt Financed Projects
June 30, 2021

	Student Housing Public Private Partnership		Student Housing Revenue Bond Funds				Total
	Residence Halls	Residence Halls	Student Services	Recreation Facilities	Parking		
Assets							
Current fund:							
Cash and cash equivalents	\$ -	\$ 87,171,891	\$ 9,003,157	\$ -	\$ -	\$ 116,733	\$ 96,291,781
Accounts receivable	78,839	71,509	151,833	5,227	31,575	-	338,983
Inventories	-	62,035	14,648	-	-	-	76,683
Other assets	66,703	1,351,669	54,519	5,003	2,393	-	1,480,287
Due from plant fund	-	-	-	-	-	-	-
Subtotal current fund	145,542	88,657,104	9,224,157	10,230	150,701	-	98,187,734
Plant fund							
Accounts receivable	-	-	-	-	-	-	-
Prepaid insurance	-	1,938,117	-	-	-	-	1,938,117
Deferred loss on refunding	-	-	-	-	-	-	-
Restricted cash and investments	-	280,105	-	-	-	-	280,105
Land, buildings, and equipment	100,647,454	59,649,461	33,571,377	29,597,964	1,234,871	224,701,127	
Subtotal plant fund	100,647,454	61,867,683	33,571,377	29,597,964	1,234,871	226,919,349	
Total assets	\$ 100,792,996	\$ 150,524,787	\$ 42,795,534	\$ 29,608,194	\$ 1,385,572	\$ 325,107,083	
Liabilities							
Current fund:							
Accounts payable and accrued expenses	\$ 12,637,779	\$ 4,088,767	\$ 930,226	\$ 1,890,198	\$ 77,826	\$ 19,624,796	
Unearned revenue	5,789,142	13,748,504	1,487,971	1,788,072	97,664	22,911,353	
Subtotal current fund	18,426,921	17,837,271	2,418,197	3,678,270	175,490	42,536,149	
Plant fund							
Accounts payable and accrued expenses	2,070,764	1,618,844	-	-	-	3,689,608	
Due to current fund	-	-	-	-	-	-	-
Debt	125,028,192	176,856,657	-	-	-	301,884,849	
Subtotal plant fund	127,098,956	178,475,501	-	-	-	305,574,457	
Total liabilities	145,525,877	196,312,772	2,418,197	3,678,270	175,490	348,110,606	
Fund balances							
Current fund	(18,281,379)	70,819,833	6,805,960	(3,668,040)	(24,789)	55,651,585	
Plant fund	(26,451,502)	(116,607,818)	33,571,377	29,597,964	1,234,871	(78,655,108)	
Total fund balances	(44,732,881)	(45,787,985)	40,377,337	25,929,924	1,210,082	(23,003,523)	
Total liabilities and fund balances	\$ 100,792,996	\$ 150,524,787	\$ 42,795,534	\$ 29,608,194	\$ 1,385,572	\$ 325,107,083	

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Condensed Financial Information (continued)

Statement of Revenues, Expenditures, and Changes

In Current and Plant Fund Balances

Auxiliary Enterprises - Debt Financed Projects (continued)

June 30, 2021

Schedule of Revenue, Expenditures and Changes in Current and Plant Fund Balances	Student Housing Public Private Partnership		Student Housing Revenue Bond Funds				Total
	Residence Halls	Residence Halls	Student Services	Recreation Facilities	Parking		
Current fund:							
Beginning fund balances	\$ (11,038,648)	\$ 72,601,676	\$ 7,684,090	\$ (3,011,033)	\$ 373,505	\$ 66,609,590	
Revenues	(2,162,179)	23,284,963	6,806,497	3,742,813	1,078,010	32,750,104	
Expenditures	(2,773,875)	(29,472,359)	(6,988,648)	(3,246,731)	(1,232,085)	(43,713,698)	
Transfers	(2,306,677)	4,405,553	(695,979)	(1,153,089)	(244,219)	5,589	
Ending current fund balances	\$ (18,281,379)	\$ 70,819,833	\$ 6,805,960	\$ (3,668,040)	\$ (24,789)	\$ 55,651,585	
Plant fund:							
Beginning fund balances	\$ (25,577,874)	\$ (114,221,067)	\$ 35,220,474	\$ 31,608,741	\$ 1,328,531	\$ (71,641,195)	
Revenues	10,616,354	7,073,986	352,324	-	-	18,042,664	
Expenditures	(11,489,982)	(9,460,737)	(2,001,421)	(2,010,777)	(93,660)	(25,056,577)	
Transfers	-	-	-	-	-	-	
Ending plant fund balances	(26,451,502)	(116,607,818)	33,571,377	29,597,964	1,234,871	(78,655,108)	
Total fund balances	\$ (44,732,881)	\$ (45,787,985)	\$ 40,377,337	\$ 25,929,924	\$ 1,210,082	\$ (23,003,523)	

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NIU Vision, Mission, and Values

Northern Illinois University's vision is to be an engine for innovation to advance social mobility; promote personal, professional and intellectual growth; and transform the world through research, artistry, teaching and outreach.

The mission of Northern Illinois University is to empower students through educational excellence and experiential learning as we pursue knowledge, share our research and artistry, and engage communities for the benefit of the region, state, nation and world.

In pursuing our vision and fulfilling our mission, we value and practice:

- Curiosity and creativity
 - We provide our students active learning experiences
 - We champion innovation
 - We commit our resources to supporting students, faculty and staff in their research, artistry and professional development
- Equity and inclusion
 - We seek and are strengthened by the diverse perspectives and experiences of our university community members
 - We use an inclusive decision-making process
 - We appreciate and respect every member of our community
- Ethics and integrity
 - We prepare our students to become global leaders who work to build a better society
 - We model ethical behavior in and out of the classroom
 - We are transparent and accountable to our stakeholders
- Service and stewardship
 - We serve society and confront local, national and global challenges through collaborations that improve our learning, teaching and research
 - We make accessible the knowledge and resources we create
 - We promote our students' success through advising and mentoring

These statements were updated and approved by the NIU Board of Trustees in March 2019.

Governing Board Priorities/Presidential Goals

The processes associated with university shared governance and resource allocation are most effective, when the institutional mission and the goals of the president are in alignment. Moreover, sharing such goals with the university community encourages a culture of transparency and accountability. In collaboration, the Board and the President used these priorities to establish presidential goals, and associated criteria for success [<https://www.niu.edu/president/priorities/index.shtml>]. These priorities and goals are detailed below. They provided a strategic framework to guide university planning and budget functions in FY2021.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Fiscal Year 2022 Goals for Northern Illinois University and President Lisa Freeman

Background/Introduction

These Academic Year (AY) 2021-22 (FY22) goals, created in alignment with NIU's mission, vision and values, are organized according to the six themes presented in our Strategic Action Planning Framework. They are future-focused with both annual and multi-year objectives, consistent with our need to position NIU for long-term success while continuing to address present challenges such as the continued disruption caused by COVID-19.

The goals reflect feedback from across the university community. There is tremendous Huskie pride in our accomplishments and our unwavering commitments to all aspects of NIU's mission. However, faculty, staff and students also recognize that our operating environment is changing, and the university must evolve to respond to new external challenges and ensure long-term success and sustainability. In this context, we will continue to move forward together by establishing shared goals and holding ourselves accountable. In doing this work, we will strive to increase alignment, enhance strategic resource planning and leverage relationships as resources.

Increase Alignment

- Incorporate mission, vision and values in decision making throughout colleges and divisions.
- Promote and utilize consistent, equity-minded, data-informed and strategic decision-making approaches.
- Enhance training, leadership and professional development and succession planning.

Enhance Strategic Resource Planning

- Implement a multi-year financial model that is responsive to university resource priorities and challenges.
- Utilize a data-informed and transparent process to identify resource needs.
- Identify and allocate resources to academic and administrative areas in alignment with university strategic priorities.

Leverage Relationships as Resources

- Explore shared services and partnerships in support of core mission.
- Strengthen relationships with employers, alumni and supporters of NIU.
- Position NIU as a valuable asset and point of strength for the region and the state.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

1. Empowerment and Shared Responsibility

The long-term success of NIU depends on our ability to respond effectively to looming external challenges, including unpredictable state and federal funding, declining numbers of traditional-age students, greater accountability pressures, new technologies and increasing competition. In this context, shared leadership offers an encompassing framework to foster co-ownership of goals and adoption of processes that emphasize adaptability, interdependence and collaboration. These attributes have been identified as a characteristic of organizations that are adept at learning, innovating, performing and responding effectively to external threats. Moreover, we know from our experience that NIU gets great results when cross-functional teams are empowered to think creatively, express their opinions and develop solutions.

It is for these reasons that shared leadership is a key element of these university goals, along with a multi-year commitment to invest in professional development, access to information and team-based work. These aims are well-aligned with NIU's strategic action planning framework, which emphasizes supporting the development of leaders; communicating transparently and effectively; and creating a culture of shared responsibility.

Goal 1A

Build capacity for shared leadership across the university to inspire innovation and foster a less risk-averse culture. Accomplish this by:

- Empowering cross-functional teams to address complex institutional problems and pursue opportunities that align with NIU strategic priorities.
- Leveraging partnerships and collaboration to support team-based work directly related to university goals.

Key indicators of progress: the number of and successful outcomes from teams established to support University Goals 2-6.

- Providing team members with professional development designed to foster shared leadership and accountability.

Key indicators of progress: successful delivery of new professional development opportunities; continued improvement in future years in the ModernThink (Great Colleges to Work For®) survey results in categories of collaboration and/or professional development.

- Recognizing and celebrating the success we have already achieved through shared leadership.

Key indicators of progress: number of relevant recognitions and celebration events, and associated publicity.

- Increasing access to information (e.g., forums for brainstorming and sharing successes and failures, improved data-sharing and decision support).

Key indicators of progress: number of and outcomes from forums held to support employees sharing ideas and making decisions.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Goal 1B

Continue to implement key recommendations developed by FY21 shared leadership initiatives related to remote working and administrative efficiency project prioritization.

Key indicators of progress related to meeting timelines/milestones advanced in these reports:

Current year

For remote working project – deactivate the Work at Home Policy and develop new Remote Work Policy; review other policies, such as Flextime Policy, Bring Your Own Device Policy and technology purchasing/ refresh policies; encourage remote working arrangements to be set locally, at the unit-level and create collaborative forums for sharing successes and best practices; update job descriptions to reflect modality options; develop toolkits, templates and processes to support supervisors and employees.

For administrative efficiency project – develop prioritization methodology for new project approvals; develop communication templates to update key stakeholders on progress and key milestones and seek recommendations for new projects; work with campus partners to develop and encourage appropriate change management practices in support of new technology and processes.

Multi-year

For remote working project – assess impact of remote work on campus spaces (parking, flexible office space, environmental impact, etc.) and respond accordingly; assess impact of remote work on service to students and respond accordingly; continue to develop toolkits and training to support supervisors and employees; offer all mandatory training virtually (recognizing that it might be desirable to retain face-to-face opportunities for reinforcement).

For administrative efficiency project – develop prioritization methodology for technology and digitization project approvals and pipeline review; assess impact of implemented technology solutions to staff, faculty and students and respond accordingly; continue to develop toolkits and training to support campus users; offer all training modules virtually.

2. Student Recruitment, Student Success and Student Experience

Guided by our Strategic Enrollment Management (SEM) Plan, NIU developed and introduced new programs and strategies designed to make an NIU degree even more accessible, equitable and affordable, such as test-free admission and merit scholarship processes, the Huskie Pledge and Rockford Promise programs, and the elimination of domestic out-of-state tuition premiums. The positive impact is reflected in growing numbers of new and high-achieving students. For Fall 2021, the freshman total of 2,285 is 325 students more than the original SEM plan target (1,960), and the average high school GPA of the Fall 2021 freshman class is 3.34, the second highest for an entering freshman class at NIU in 10 years. Furthermore, for the first time in recent years, NIU enrollment of U.S. students from outside of Illinois exceeded 1,000.

Disappointingly, even though NIU made significant gains in the size of its freshman class and is experiencing other highly positive enrollment trends, including attracting more U.S. students from outside Illinois, the university experienced a modest decrease in its overall Fall 2021 enrollment, largely attributable to pandemic-related challenges. Switches in learning modalities (online, in-person, hybrid) and technology deficiencies, along with financial, time-management and personal stresses brought on by the pandemic, made it challenging for our students, particularly freshmen and first-generation students, to stay focused on their studies and engage with support networks designed to help them succeed. Retention of first-year students dipped about 5 percentage

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

points below the pre-pandemic level. These struggles of NIU first-year students reflected nationwide trends.

To respond to the disruptions introduced by COVID-19, the university is revising our original Strategic Enrollment Management (SEM) Plan (2019-23) to ensure that the proposed tactics and activities continue to support our overarching enrollment and equity goals. For example, to help with undergraduate retention, the university has moved to a majority of in-person classes while expanding and enhancing tutoring, advising and student financial-planning services. NIU also plans to stay in touch with 2020 first-year students who did not re-enroll in 2021 to offer our continued encouragement and assistance. These actions and others are needed to respond to our dynamic operating environment, to continue to improve outcomes for all students and to respect our mission, vision and values.

Goal 2A

Continue to grow and stabilize NIU enrollment by attracting new students and improving retention rates for continuing students, guided by strategies and targets presented in updated SEM plan as well as related equity plans. Maintain focus on closing equity gaps in retention rates and graduation rates.

- Employ and adhere to health and safety measures that combat the spread of COVID-19 so that NIU can maintain our in-person campus experiences that attract students and enhance their success.

Key indicators of progress: Sustained commitment to Protecting the Pack, and following public health guidance.

- Preliminary enrollment target for AY2022-23:
 - *Fails to meet expectations/fails to show progress < 16,150*
 - *16,150 < Meets expectations/shows progress < 16,650*
 - *Exceeds expectations > 16,650*
- SEM Plan 2.0 for FY23-25 is to be delivered to campus in February 2022 and expected to include the elements below. The NIU Board of Trustees will be updated about the SEM Plan 2.0 goals, strategies and objectives at its March 2022 meeting.
- Plan and launch a re-enrollment campaign that targets students who “stopped out” of NIU over the past five years, emphasizing students who did not persist from Spring 2021 to Fall 2021.

An expanded formal campaign is under development, and critical details such eligibility, incentives, support services and outreach strategies will be decided no later than the end of the Spring 2022 semester.

As further described in the Independent Accountants’ Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

- Develop appropriate advising and academic services to support the retention of students who have gaps in their attendance at NIU.

Key indicators of progress to include increase in number of advisors trained to work specifically with such students; creation of a re-orientation program; creation of at least one graduation pathway that will be attractive to working adults who want to complete their bachelor's degree in a program that uses prior credit and prior learning assessment.

- Pursue equity goals articulated in our Higher Learning Commission Quality Initiative Proposal (HLCQIP) and Illinois Equity in Attainment (ILEA) Equity Plan to increase student success by removing structural barriers, adopting appropriate strategies from other partners such as Every Learner Everywhere. Briefly, the HLCQIP is focused on decreasing the number of gateway courses that have success rates of less than 80% and reducing equity gaps in those courses. It is part of a more comprehensive effort described in the ILEA Equity plan that features a pre-COVID-19 expectation that these milestones will be reached by Fall 2023:

- Increase six-year graduation rate by reducing equity gaps for Latinx students to 5% or less.

- Increase first-year retention rates by reducing equity gaps for Black new freshmen to 10% or less.

- Increase first-year retention by reducing equity gaps for Black transfer students to 6% or less.

- Increase the six-year graduation rates by reducing equity gaps for both Black new freshmen and transfer students to 10% or less.

- Complete the launch of Student Financial Advising Services.

Metrics and milestones to be completed in FY22 include hiring one additional financial advisor; educating the campus on this useful resource; training and workshops for campus partners, development of a website; move to a physical office location with easy student access; development of a peer advising program and implementing new learning modules.

Goal 2B

Partner with Braven to offer NIU students additional opportunities to build skills, confidence, experiences and networks, thereby enhancing their potential to transition to strong first jobs.

Key indicators of progress:

- *Letter of Intent signed October 2021.*
- *MOU signed December 2021.*
- *Launch Fall 2022.*
- *Commitment to scale student participation from 151-300 in FY23 to 951-1000 in FY27.*

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Goal 2C

Use lessons learned from COVID to make our student experience more equitable and engaging.

- Launch and successfully complete a national search for VP Student Affairs.

Progress indicated by completion of search process milestones and final outcome.

- Revise Student Code of Conduct guided by recommendations that emerged from the FY21 review, and develop shared framework for an innovative restorative justice practice and process between social justice education and student conduct.

Key indicators of progress: revised processes (student conduct and student of concern) in place for AY 2022-23 and accompanied by appropriate training for students, community advisors and other relevant faculty and staff; student training developed and presented using language, experiences and norms that students will understand; clear process description including flow-charts and rubrics available on the Student Conduct website.

- Develop and launch a long-term plan to revitalize Greek life at NIU in collaboration with the NIU Foundation, as well as Greek alumni and students representing the Interfraternity Council (IFC), National Pan-Hellenic Council (NPHC), Panhellenic Association (PHA) and United Greek Council (UGC).

Key indicators of progress: formation of NIU Task Force on Revitalization of Greek Life; completion of task force assessment of the current state of our Greek community with recommendations for revitalization.

3. Academic Excellence and Curriculum Innovation

Academic disciplines are intellectual communities devoted to the study of a particular subject. As such, they are characterized by shared assumptions, concepts, theories, vocabulary and methods. At universities, disciplines have had a particular institutional structure including an academic department with faculty experts, undergraduate majors and graduate programs; through these, accepted knowledge is shared and new knowledge is created. Disciplines are important because they establish distinct bodies of knowledge to master, skills to acquire and tools and approaches to deploy.

Many contemporary issues demand that scholars work at the intersections and beyond disciplinary boundaries. Increasingly, methods and analytical approaches are moving across disciplines. Moreover, questions are being raised about whether the ways universities organize around disciplinary perspectives inhibit creativity, collaboration, academic excellence and curriculum innovation. These developments do not mean the end to traditional disciplines. Rather, they underscore the importance of preparing students and scholars to build on their disciplinary foundations by broadening their thinking; to teach them to be open to integrating additional concepts, theories and methods; and to accept the legitimacy of work that is transdisciplinary and/or collaborative.

The COVID-19 pandemic has underscored our need to provide our undergraduate and graduate students with academic programs and experiences that are relevant, inclusive, transdisciplinary and integrated with each other. Last year, we began working to realize these aspirations, recognizing that achieving our objectives would be a multi-year endeavor. This year's goals build on the progress we've made over the past 12 months. They also incorporate insights derived from our pandemic response, and approaches put forward in the Illinois Board of Education (IBHE) strategic plan, A Thriving Illinois.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Goal 3A

Continue efforts to identify and remove barriers that inhibit transdisciplinary scholarship and curricular innovation and experimentation; provide positive incentives to faculty, departments and other units to pursue transdisciplinary scholarship and curricular innovation (could include enhanced grad funding, post- doc fellowships or visiting assistant professorships and/or enhanced operating budget through streamlined curriculum).

- Support ongoing work of task forces empowered during FY21 to mitigate barriers to transdisciplinary scholarship and curricular innovation as they produce analyses, recommendations and plans for implementation. Provide groups with professional development focused on shared leadership.

Key indicators of progress: professional development opportunities; receipt of and action on task force recommendations.

- Support aspirations of Faculty Senate Social Justice Committee to review and reassess tenure and promotion processes, annual faculty evaluation and the environment for early-career faculty (Note: overlap and synergy with Goals 4B and 4C).

Key indicators of progress: FSSJC involvement in a formal Community of Practice as an element of Shared Equity Leadership Framework; professional development opportunities.

- Empower, support and incentivize teams to develop transdisciplinary initiatives in the areas of social, racial and ethnic inequities, environmental justice, STEM education and artificial intelligence/machine learning (AI/ML), encouraging them to frame research questions with multiple lenses and seek to address inequitable conditions. Resultant projects will generate transdisciplinary opportunities for student engagement and learning and could include cross-disciplinary coursework, credentials, capstone experiences for both graduate and undergraduate students, extended research opportunities for students and proposals for academic programs that intersect with these themes. (Note overlap and synergy with Goals 4C and 5B)

Key indicators of progress:

Teams empowered to develop transdisciplinary teaching, learning, research and engagement initiatives; competitive offers extended, and Diversity, Equity and Inclusion (DEI) fellow(s) appointed in at least one of the proposed areas of social, racial and ethnic inequities, environmental justice, STEM education, and AI/ML; continued commitment to invest in three initiatives over three years.

Goal 3B

Complete assessment of graduate student programs and experience using metrics developed during FY21 to measure alignment with NIU mission; allocate and reallocate resources accordingly.

Key indicators of progress: departmental reports due to deans in October; college reports due to provost in March; recommendations to inform curricular process in AY 23-24 with programmatic changes evident in AY 24-25.

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Goal 3C

Review and refresh strategy for developing and marketing online programs to expand degree and credential opportunities available to non-traditional age students, to improve service to the incumbent workforce and to help

students succeed in the workplace of the future. Leverage lessons learned from COVID-19 response and employ appropriate approaches cited in Illinois Board of Education (IBHE) strategic plan to ensure academic programs meet the needs of region and state.

Key indicators of progress: refreshed marketing and recruitment strategies as well as expanded credential and degree offerings.

4. Diversity, Equity and Inclusion

NIU's commitment to equity, diversity, inclusion and belonging underpins our efforts to foster a welcoming university, to live our values and to realize our mission and vision. We have enacted specific strategies to improve access, academic equity, inclusion and social justice education at NIU, and have been inspired to go beyond to identify, address and eradicate inequitable practices that limit the potential of our students, faculty and staff.

Although we have made laudable progress, there is still much more to be done – to diversify our faculty and staff so that it's reflective of our students and region; to review and revise our policies to promote inclusive practices; to provide greater opportunities for professional development; and to co-create a community where all voices are heard, valued and respected. To sustain our momentum, we need to make clear that equity is everyone's work and hold each other accountable. A coherent, overarching leadership framework will facilitate these efforts.

Goal 4A

Create a Shared Equity Leadership (SEL) model for NIU that will support our efforts to make meaningful and lasting changes in university policies, practices and structures that promote and sustain inequity.

Key indicators of progress:

DRAFT SEL model created, and strategies shared with campus stakeholders for feedback; formation of a formal NIU Equity Community of Practice (CoP); adoption of accountability mechanisms by Equity CoP participants (these might include annual reports or presentations that highlight work, success, challenges and progress toward goals).

The NIU Equity CoP will use a shared leadership model to engage departments, committees and commissions whose focus is to advance equity. As part of this process, engagement will include community stakeholders focused on faculty and staff hiring, mentoring, faculty cultural competency and equity (FACCE), anti-racist education, conversations on diversity and equity (CODE) trainings, professional development and education, the Truth, Racial Healing and Transformation (TRHT) Campus Center and inclusive student experiences. In addition, the CoP will encourage dialogue across the NIU community on bias, systems and structures that impede the success and advancement of students and BIPOC faculty. This approach will elevate recommendations from the Faculty Senate Social Justice Committee and the Transdisciplinary Scholarship Task Force.

Goal 4B

Establish Truth, Racial Healing and Transformation (TRHT) Campus Center at NIU with funding received from the Association of American Colleges & Universities (AAC&U) subaward funded by Wiley Education Services. (Note: overlap and synergy with Goals 3A and 4C)

As further described in the Independent Accountants' Report on State Compliance and on Internal Control over Compliance, the accountants do not express an opinion or any form of assurance on this report component.

Key indicators of progress: The newly established TRHT center will provide space for social justice, racial healing and restorative justice work. The TRHT will take a trauma-informed approach to promote a campus culture of healing through restorative dialogue; for example, by incorporating programming in student centered healing circles.

Goal 4C

Increase the recruitment, hiring, retention and professional advancement of diverse faculty, staff and administrators, using an approach that continues effective practices and introduces innovative strategies and tactics.

- Continue effective practices.

Key indicators of progress: evidence of sustained effort to deliver programs (e.g., implicit bias training, mentoring programs, position advertisement in diverse publications) to support the retention and success of new faculty of color; and to improve our faculty and staff search processes to reduce bias, achieve diverse applicant pools and ensure fair evaluation of all candidates.

Key indicators of progress: planning for and launch of Diversity Opportunity Hire Fund.

- Support aspirations of Faculty Senate Social Justice Committee (FSSJC) to review and reassess tenure and promotion processes, annual faculty evaluation and the environment for early-career faculty (Note: overlap and synergy with Goals 3A and 4B).

Key indicators of progress: FSSJC involvement in a formal Community of Practice as an element of Shared Equity Leadership Framework; provision of relevant professional development opportunities.

- Expand the Diversity, Equity and Inclusion Post-doctoral/Post-graduate Fellowship program that was established by the NIU Division of Academic Diversity Equity and Inclusion and the NIU Division of Research and Innovation Partnerships with the goal of creating a pipeline to diversify the faculty workforce. Seek applicants with perspectives and expertise that will enhance transdisciplinary scholarship at NIU in the areas of social, racial and ethnic inequities, environmental justice, STEM education and artificial intelligence/machine learning (AI/ML) as described under Goals 3A and 5B.

Key indicators of progress: revised description of Diversity, Equity and Inclusion post-doctoral/post-graduate fellowship program that allows scholars to be hired not only as fellows, but also as visiting, research or instructional faculty; competitive offers extended and DEI fellow(s) hired in at least one of the proposed areas of social, racial and ethnic inequities, environmental justice, STEM education and AI/ML; continued commitment to invest in three initiatives over three years.

5. Research, Scholarship, Artistry, and Engagement

NIU will continue to prepare our students and the communities we serve for a century of change by bringing our resources to bear on complex challenges that benefit from transdisciplinary approaches, such as responding to environmental and ecosystem change and adaptation; advancing technology; preparing for shifting demographics; and interpreting the world around us. In this context, we will leverage NIU's strengths and strategic advantages to address problems of significance facing our university, community and world, while simultaneously advancing

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institutional innovation and community collaboration in alignment with our priorities.

Acknowledging that shared leadership structures and processes enhance organizational learning, innovation, performance and accountability, we will empower teams made up of faculty, staff and students with diverse and relevant experiences to think and act creatively in support of established and emerging opportunities for transdisciplinary research, scholarship, artistry and engagement. Their efforts will advance our reputation as a Carnegie High Research Activity (R2) university, strengthen our designation as a Carnegie Community Engagement institution and enhance the recognitions that NIU has received from the Association of Public and Land-grant Universities (APLU) as an Innovation & Economic Prosperity University, and from *INSIGHT Into Diversity* as a 2021 Higher Education Excellence in Diversity Award winner.

Goal 5A

Advance development of the Northern Illinois Center for Community Sustainability (NICCS) and the surrounding west campus acreage.

- Continue to develop and position NICCS as NIU’s hub in the Illinois Innovation Network.

Key indicators of progress:

- Recruitment of potential collaborators and partners.

- Advocacy for release of NICCS funding.

- Lectures and programs consistent with NICCS developed and offered to maintain presence and build momentum.

- Advance vision for west campus by expanding upon the conceptual branding plan and establishing Phase One of an implementation plan for west campus.

Key indicators of progress:

- Action plans for advancing the development of the mission-critical anchor project NICCS.

- Scoping of additional west campus facilities tied to current and emerging interdisciplinary research, innovation, engagement and experiential learning priorities, including projects synergistic with the Health Information Technology Center currently in design phase.

- Outreach and collaboration framework for potential investors, philanthropists, relevant state and federal agencies and regional business partners.

Goal 5B

Support selected transdisciplinary work inspired by either the planning process for NICCS or the previous call for Emerging Research Initiatives, specifically transdisciplinary initiatives in the areas of environmental justice, STEM education and artificial intelligence/machine learning (AI/ML) that frame research questions with multiple lenses and seek to address inequitable conditions. Such initiatives can include research, scholarly and creative activities as well as community engagement. The university expects to invest in three initiatives over three years. (Note overlap and synergy with goals 4C, 3A and 5C)

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Key indicators of progress:

Teams empowered to develop transdisciplinary teaching, learning, research and engagement initiatives; competitive offers extended and DEI fellow(s) appointed in at least one of the proposed areas of social, racial and ethnic inequities, environmental justice, STEM education and AI/ML; continued commitment to invest in three initiatives over three years.

Goal 5C

Elevate community collaboration and engagement as key elements of NIU's innovation ecosystem and evidence of the university's commitment to our students, region and state.

- Strengthen community-engaged scholarship infrastructure (multi-year goal).

Key indicators of progress:

- Support efforts to reframe University Outreach Advisory Committee to provide more valuable engagement for members, more strategic purpose for the Division of Outreach, Engagement, and Regional Development and increased alignment among NIU's mission, culture, leadership, resources and practices that support interdisciplinary outreach activities and community engaged learning. (begin immediately)

- Design and implement Carnegie Engagement Task Force to assess, align and improve institutional processes, policies and reward structures to support community partnerships and integration of community engagement into teaching, learning and research. The work of this task force will help to ensure NIU's continued designation as a Carnegie Engaged Institution. (by end of FY22)

- Informed by work with collaborators, consultation with faculty and feedback from Carnegie Engagement Task Force, determine most strategic set of programs, processes, services and initiatives to effectively facilitate a culture of engaged scholarship; develop metrics and data collection, analysis and reporting methodologies. (plan in FY22, operationalize beginning in FY23)

- Strengthen and celebrate meaningful community partnerships that demonstrate collaborative practices of mutual benefit and reciprocity and a high level of understanding of knowledge assets, cultural wealth and strategic outcomes.

Key indicators of progress: active participation and positive outcomes of university partnerships with Opportunity DeKalb and other AGN revitalization efforts; Opportunity Unbound and other DCEDC economic development efforts including IGNITE!; DeKalb-area business and non-profits through 40tude and initiatives of the Center for Nonprofit and NGO Studies and other academic programs; Belonging Council; DeKalb County Community Gardens (DCCG); and Safe Passage.

6. Resource Development and Fiscal Responsibility

NIU's pledge to sustaining an academically responsive and fiscally responsible budget reinforces our commitments to be student-centric, equity-minded and true to our mission, vision and values. To fulfil our responsibilities as a public university, we pursue financial sustainability through a combination of fiscal balance, innovation and entrepreneurship.

After a difficult period over the past decade of declining resources, fiscal deficits and operational challenges, including the COVID pandemic, NIU is ready to begin a growth trajectory that reflects additional student success,

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expanded research impact and enhanced community partnerships and engagement. Moving forward will require courageous leadership, organizational alignment and hard choices, as our fiscal model is rescaled to match public support and revenue available from tuition, fees and other sources.

Available fiscal resources cannot cover all that NIU wants to do – let alone needs to do – to fulfill our commitments. However, we are not unique; even much wealthier, better-endowed universities face this reality and must be creative in overcoming the associated challenges. We will move forward driven by bold ambitions, exciting priorities and an unwavering commitment to excellence, with a plan to harness and integrate the varied and valuable resources available to us. These assets include not only our financial resources, but also the expertise and ingenuity of our talented faculty and staff, the support of our engaged alumni and donors, the wherewithal of committed partners and collaborators and the additional possibilities created by technology platforms, real estate and prominent academic, research and outreach efforts. We will create, rescale and grow by instituting incentives and investing in shared priorities aligned with our mission, vision and values. Thoughtful, intentional and transparent allocation of resources will position NIU for long-term sustainability and continued success.

Goal 6A

Continue to refine and implement a multi-year, comprehensive planning and budget process.

- Continue to engage the BoT in a quarterly process to communicate the status and progress toward identified budget milestones and targets.

Key indicator of progress: Quarterly updates at BoT meetings

- Focus on the following initiatives to increase NIU's progress toward increasing vendor diversity and expenditures under the Business Enterprise Program (BEP) Act, 30 ILCS 575 and Illinois Procurement Code as amended by Senate Bill 1608 (the Economic Opportunity bill signed March 23, 2021, by Gov. Pritzker).

- Develop and implement BEP achievement targets for purchased goods and services by categories (e.g., professional services, construction, commodities, etc.) to gain visibility into spending, to understand trends and to identify opportunities to increase participation.

- Pilot project to document internal equivalents of BEP professional services participation achieved as the result of employee diversity in the Office of the General Counsel.

- Increase awareness and engagement of NIU business staff to increase BEP participation by designing and delivering training materials, templates and management reporting. These tools will also be used to inform actions at the level of senior leaders and in divisions and colleges.

- Continue to advocate for enhancements and efficiencies from the state, including those that streamline the registration process for eligible vendors.

- Empower a cross-functional team(s) to develop a transparent, inclusive university budget planning process as part of shared leadership development.

Key indicators of progress: team(s) named and provided with professional development; timeline created with deliverables and milestones; process fully implemented for FY24 planning.

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- Provide more actionable data and decision support to the university community to help members understand decisions and inform actions. Approach to be informed by APLU Commission on Information, Measurement and Analysis (CIMA) resources, and the NIU success to date with enrollment, course outcome and diversity data in Tableau. Prioritize key initiatives that include continued implementation of Academic Performance Solutions (APS) as decision tool in academic affairs, dashboards related to faculty/ staff diversity to inform workforce planning strategy and affirmative action plan compliance, and a student enrollment forecast that can inform decision making at key points throughout the fiscal year. This is a multi-year goal.

Key indicators of progress: additional Tableau licenses and training provided to university community; New dashboards developed and under development; decision support tools and training available to campus decision makers and influencers; enrollment prediction model in development and/or being tested as planning tool.

- Continue to pursue opportunities to expand joint purchasing and shared services to control and reduce institutional administrative costs as outlined in the IBHE strategic plan.

Key indicators of progress: recommendations and actions arising from the Illinois Partnership to Advance Technology in Higher Education (IPATHE) Shared Purchasing Task Force and/or the Shared Purchasing Working Group considering opportunities unrelated to technology (e.g., opportunities to enhance purchasing power and lower unit cost by coordinating activity across engaged public universities, or opportunities to increase BEP achievement through inter-institutional collaboration).

Goal 6B

Resume campus master facilities and technology planning efforts.

- Advance facilities planning priorities (e.g., NICCS, Health Information Technology Center [HITC], Human Resource Services [HRS] relocation, sale of Hoffman Estates facility) in the context of continued efforts to align physical footprint with evolving academic priorities, changed economic conditions and resumed emphasis on masterplanning.

Key indicators to reflect progress on prioritized projects.

- Technology planning priorities including telephony project and learning spaces technology deployment.

Key indicators to reflect progress on prioritized projects.

Goal 6C

Transition from the planning phase to the launch of the initial fundraising phase of a multi-year, comprehensive strategic fundraising campaign.

- To prepare for and complement the campaign's initial phase, focus on organizational readiness in the following areas:

- Improve annual fundraising achievement to 30% increase year over year

- Develop and implement full campaign engagement plan for board-level volunteers (both BOT and

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NIUF).

- Continue building the capacity of academic leaders to fundraise by designing and delivering campaign training program

- Officially launch the initial campaign phase, the focus of which will be principal and lead gift identification and solicitation, by July 1, 2022.

Key indicator of progress: successful launch of campaign initial phase by July 1, 2022

Strategic Enrollment Management Plan

The University Strategic Enrollment Management Plan (SEM) 2019-2023 provides goals and strategies that will guide our recruitment- and retention-related efforts over the next five years. To view the plan, please see https://www.niu.edu/enrollment-plan/_pdf/strategic-enrollment-plan.pdf and to view the accountability plan supporting the implementation and prioritization of the Strategic Enrollment Management Plan, please see https://www.niu.edu/enrollment-plan/_pdf/accountability-plan.pdf.

Strategic Action Planning Framework

The University Strategic Action Planning Framework provides themes and guiding principles to align actions and pursued outcomes with the University's mission, vision and values. To view the Strategic Action Planning Framework see https://www.niu.edu/president/_pdf/planning-framework.pdf.

Location, Address, and Head of the University

Lisa C. Freeman, President
Northern Illinois University
DeKalb, Illinois 60115

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Comparative Employment Statistics
June 30, 2021 and 2020

	Instructional Organized					Operations and			Total
	Activities	Research	Public Service	Academic Support	Student Services	Institutional Support	Maintenance Physical Plant	Independent Operations	
Year ended June 30, 2021:									
Appropriated funds:									
Facility/administrative	1,062.4	15.8	22.6	78.2	36.5	63.3	3.3	-	1,282.1
Civil service	267.1	21.1	4.5	154.2	91.9	182.2	60.0	-	781.0
Student employees	12.3	0.2	-	1.2	4.0	2.2	-	-	19.9
Miscellaneous contracts	4.3	0.2	0.2	2.8	1.3	5.9	0.6	-	15.3
	1,346.1	37.3	27.3	236.4	133.7	253.6	63.9	-	2,098.3
Nonappropriated funds:									
Facility/administrative	102.5	99.8	34.9	11.0	81.6	10.6	1.4	24.7	366.5
Civil service	25.7	19.4	63.4	23.6	46.2	77.5	274.2	148.7	678.7
Student employees	5.9	12.6	2.6	0.7	27.8	3.3	0.8	52.0	105.7
Miscellaneous contracts	5.1	14.0	9.4	2.1	2.1	3.2	5.3	4.1	45.3
	139.2	145.8	110.3	37.4	157.7	94.6	281.7	229.5	1,196.2
Total All Funds	1,485.3	183.1	137.6	273.8	291.4	348.2	345.6	229.5	3,294.5
Year ended June 30, 2020:									
Appropriated funds:									
Facility/administrative	1,186.7	22.2	26.5	102.2	48.9	75.6	3.6	-	1,465.7
Civil service	302.8	21.1	23.3	150.4	83.6	190.4	67.4	-	839.0
Student employees	29.5	0.3	-	9.3	7.6	3.6	1.8	-	52.1
Miscellaneous contracts	5.9	0.3	0.1	4.3	3.9	6.5	0.4	-	21.4
	1,524.9	43.9	49.9	266.2	144.0	276.1	73.2	-	2,378.2
Nonappropriated funds:									
Facility/administrative	37.1	101.5	123.9	13.4	90.2	17.9	1.7	31.4	417.1
Civil service	13.9	14.7	81.2	14.4	44.6	78.3	294.6	175.3	717.0
Student employees	5.3	13.8	7.1	1.6	46.5	7.2	4.3	93.3	179.1
Miscellaneous contracts	4.3	13.8	20.6	1.2	2.8	10.2	13.3	8.7	74.9
	60.6	143.8	232.8	30.6	184.1	113.6	313.9	308.7	1,388.1
Total All Funds	1,585.5	187.7	282.7	296.8	328.1	389.7	387.1	308.7	3,766.3

Amounts calculated by methods determined by the Illinois Board of Higher Education. Amounts are based on time actually worked. Amounts are Full-Time Equivalents. One FTE equals 1,950 hours worked in a Fiscal Year.

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Annual Cost Statistics
June 30, 2021 and 2020

Following is a computation of cost per full-time equivalent student:

	<u>2021</u>		<u>2020</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 87,823,769	*	\$ 87,824,850
Expenses/expenditures from locally held University Income Fund	<u>133,452,293</u>		<u>149,024,424</u>
Total expenses from current appropriated and locally held funds	221,276,062		236,849,274
Twelve month full-time equivalent (FTE) students	÷ <u>14,125</u>	** ÷	<u>14,251</u>
COST PER FULL-TIME EQUIVALENT STUDENT	<u>\$ 15,666</u>		<u>\$ 16,620</u>

* Amount represents direct State appropriations made to the University and does not include payments made on behalf of the University.

** This figure is the final unduplicated FTE enrollment for fiscal year (Summer, Fall, and Spring semesters) as reported to the Integrated Postsecondary Education Data System (IPEDS) using the specific federal definitions.

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NORTHERN ILLINOIS UNIVERSITY
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Emergency Purchases
For the Year Ended June 30, 2021

Following is a list of emergency purchase affidavits filed by the University with the Office of the Auditor General during the year:

Occupational Training & Supply – Actual Cost: \$248,859.00

This equipment was determined to be needed by faculty for face-to-face instruction in classrooms due to COVID-19 shortly before the beginning of fall semester. This emergency purchase was required because it involved threat to public health or public safety. The University awarded a contract for the supply of portable HEPA filtration air scrubber machines and replacement filters.

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Housing Benefits

For the Year Ended June 30, 2021

Lodging Provided for the Convenience of the Employer

Residence hall directors and complex coordinators are assigned to work in the university-operated residence halls and apartments. The University, as a condition of employment with the residence hall directors and complex coordinators, provides a small apartment within the University housing so they can immediately respond to emergencies occurring during the term of employment. All maintenance and repairs to the apartment, except for intentional damage or gross negligence, is paid for by the University, along with all utility costs in accordance with employees' contract. The University has deemed these apartments for its residence hall directors and complex coordinators as a fringe benefit excluded from taxable income.

The University, as a condition of employment and for the convenience of the University, also provides housing benefits to seasonal education staff at its Lorado Taft campus. The seasonal educational staff are required to be onsite and available between the hours of 7:00 a.m. and 10:00 p.m. due to the limited regularity in the outdoor residential education program. All maintenance and repairs to the housing, except for intentional damage or gross negligence, is paid for by the University, along with all utility costs in accordance with employees' contract. The University has deemed the housing benefits provided to its seasonal education staff as a fringe benefit excluded from taxable income.

Other Lodging

The University Department of Intercollegiate Athletics may offer transitional housing benefits to new hires, including coaches and assistant coaches, for up to 30 days, with additional authorization and approvals required for longer durations. Temporary housing may include an extended stay in a hotel, unfurnished apartment, or similar housing. All transition benefits are considered taxable fringe benefits subject to applicable employment taxes and withholdings.

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Analysis of Overtime and Compensatory Time

For the Fiscal Year Ended June 30, 2021 and 2020

	Hours Paid/Granted		Value of Hours Paid/Granted	
	2021	2020	2021	2020
Academic Division				
Overtime	1,901	2,855	\$ 49,443	\$ 74,776
Compensatory time	595	914	8,343	14,701
Total	2,496	3,769	\$ 57,786	\$ 89,477
Administration & Finance				
Overtime	6,291	11,558	\$ 312,966	\$ 457,010
Compensatory time	387	887	20,645	38,033
Total	6,678	12,445	\$ 333,611	\$ 495,043
Central Services				
Overtime	598	1,675	\$ 16,855	\$ 42,833
Compensatory time	-	-	-	-
Total	598	1,675	\$ 16,855	\$ 42,833
Div Information Technology				
Overtime	2,077	2,885	\$ 86,839	\$ 108,732
Compensatory time	263	293	5,943	3,784
Total	2,340	3,178	\$ 92,782	\$ 112,516
Div Intercollegiate Athletics				
Overtime	62	559	\$ 1,362	\$ 13,486
Compensatory time	65	214	3,235	3,714
Total	127	773	\$ 4,597	\$ 17,200
Enrollment Mgmt, Mktg & Comms Div				
Overtime	955	871	\$ 26,590	\$ 22,125
Compensatory time	110	172	2,564	2,183
Total	1,065	1,043	\$ 29,154	\$ 24,308
Office of Diversity				
Overtime	-	106	\$ -	\$ 4,230
Compensatory time	31	25	246	309
Total	31	131	\$ 246	\$ 4,539
Outreach Engagemt Regl Dev Div				
Overtime	348	2,692	\$ 9,731	\$ 71,941
Compensatory time	216	387	4,980	5,170
Total	564	3,079	\$ 14,711	\$ 77,111
Research and Innv Prtnrsh Div				
Overtime	2	51	\$ 26	\$ 1,059
Compensatory time	12	14	681	441
Total	14	65	\$ 707	\$ 1,500
Student Affairs				
Overtime	2,752	4,607	\$ 109,799	\$ 178,543
Compensatory time	2,171	4,747	38,681	77,728
Total	4,923	9,354	\$ 148,480	\$ 256,271
Univ Administrative Services				
Overtime	3,181	4,955	\$ 133,379	\$ 181,227
Compensatory time	262	687	7,051	18,042
Total	3,443	5,642	\$ 140,430	\$ 199,269
University Advancement				
Overtime	22	410	\$ 683	\$ 12,163
Compensatory time	5	124	1,715	3,620
Total	27	534	\$ 2,398	\$ 15,783
Grand Total - NIU				
Overtime	18,189	33,224	\$ 747,673	\$ 1,168,125
Compensatory time	4,117	8,464	94,084	167,725
Total	22,306	41,688	\$ 841,757	\$ 1,335,850

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Assaults on Staff

For the Fiscal Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NIU DeKalb, IL		
On-campus	3	7
Off-campus	<u>-</u>	<u>1</u>
Total	<u><u>3</u></u>	<u><u>8</u></u>

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

Holmes Student Center – Phase I Redevelopment – DeKalb, Illinois

The University continued progress on the approximately \$22 million renovation of the Holmes Student Center in DeKalb, Illinois. Since the Holmes Student Center opened its doors in 1962, originally called the University Center, it has been a landmark of the University. However, it has not seen significant upgrades in more than 25 years and has not undergone major renovations since it was first built. The first phase of the renovation includes a coffee shop, a convenience store, an updated bookstore, lounge space, space for the Student Association, the Campus Activities Board and a branch office for Student Affairs and a restaurant featuring live entertainment space.

The construction project began in October 2018, and the renovated space opened in October 2019, with the exception of the Qdoba food venue, which was completed in March 2020. The project was considered complete as of June 30, 2020, however it is still open as of June 30, 2021, due to final minor work items still being addressed.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY**A Component Unit of the State of Illinois****COMPLIANCE REPORT****Cross-Reference Table of Reporting Requirements****For the Year Ended June 30, 2021**

In accordance with an Office of the Auditor General, July 25, 2000 memorandum entitled *Matters Regarding University Audits* (Memorandum), certain supplemental data is required to be reported by the University. The table below cross-references the Memorandum requirements (indicated by number and letter paragraph references) to the University financial statements, compliance examination; and audit reports for the year ended June 30, 2021, where such special data is found.

Reference Number from T. Loobey's Memorandum Dated July 25, 2000, on University Guidelines	Report and Page Number Where Information is Disclosed Supplementary Information for State Compliance Purposes
13a. Violation of University Guidelines, 1982 as Amended	24
13b. Sources and Application of Indirect Cost Reimbursements	44
13c. Calculation Sheet for Indirect Cost Support Carryforward	86
13d. Amount of Tuition Diverted to Auxiliary Enterprise Operations	45
13e. List of Accounting Entity and Description of Sources and Purpose of Revenues	47
13f. Financial Statements for Each Accounting Entity	50
13g. Calculations of Current Excess Funds for Each Accounting Entity	82
13h. Support to Auxiliary Enterprise from State Appropriated Funds	45
13i. Statement of Receipts and Disbursements for Bond Indentures	55
13j. Conformity of Bond Fund Accounting to Terms of Bond Issues	54, 55
13k. List of Noninstructional Facilities Reserves	45
13l. List of Organizations Recognized as University Related Organizations (UROs)	45
13m. Amounts Paid by UROs to the University for Services Provided by the University	79, 80
13n. Amounts Paid by the University to UROs for Services Provided by the URO	79, 80
13o. Amount of Unreimbursed Subsidies to UROs	45
13p. Debt Financing of UROs	89
13q. Schedule of Cash and Investments Held by the University	Financial Statements pg 36
13r. Allocation Method on Interest from Pooled Investments	45
13s. Costs Per Full-Time Equivalent Student	72
13t. Acquisition of Real Estate by University or URO Greater Than \$250,000 and Not Specifically Funded	90
13u. Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements Involving COPs	45
<u>Other Financial Related Schedules for Universities</u>	
1 Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	37
2 Schedule of Income Fund Revenues and Expenses	49
3 Schedule of Tuition and Fee Waivers	81

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Summary of Foundation Payments
On Behalf of the University
For the Year Ended June 30, 2021

During fiscal year 2021, the University engaged the Northern Illinois University Foundation (the Foundation), under contract, to provide fundraising services. As provided in the contract agreement, the University paid \$744,000 for fundraising services. Under the terms of the agreement, the University provided in-kind support in the form of personnel, office space, information technology support, and human resources services estimated at \$3,539,000 during fiscal year 2021. During these years the direct and /or indirect support of the University, as well as the scholarships provided by the Foundation, exceeded the value provided by the University under the agreement.

Presented below is a summary of all funds that the Foundation provided on behalf of the University during fiscal year 2021:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Program Services				
Scholarships	\$ 2,687,335	\$ -	\$ -	\$ 2,687,335
University Departments and Programs	4,863,463	-	-	4,863,463
Total Program Services	<u>7,550,798</u>	-	-	<u>7,550,798</u>
Foundation Operations				
Management and General Expenses	2,423,488	-	-	2,423,488
Fundraising Expenses	2,870,143	-	-	2,870,143
Total Foundation Operations	<u>5,293,631</u>	-	-	<u>5,293,631</u>
Total funds provided on behalf of the University by the Foundation	<u>\$ 12,844,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,844,429</u>

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Summary of Research Foundation Payments

On Behalf of the University

For the Year Ended June 30, 2021

During fiscal year 2021, the University engaged the Northern Illinois Research Foundation (NIRF), under contract, to provide services to aid the University in its economic development, public service/research and educational missions. Presented below is a summary of all funds that the NIRF provided on behalf of the University during fiscal year 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Total Program Services	\$ 617,297	\$ -	\$ 617,297
Total Support Services	227,831	-	227,831
Total funds provided on behalf of the University by the Research Foundation	\$ 845,128	\$ -	\$ 845,128

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Schedule of Tuition and Fee Waivers
For the Year Ended June 30, 2021
(in Thousands)

	Tuition Waivers			Fee Waivers		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Mandatory waivers:						
Teacher/special education	527.3	91.2	618.5	177.9	1.1	179.0
ROTC	221.8	-	221.8	2.2	-	2.2
DCFS	110.6	8.9	119.5	30.4	-	30.4
Children of employees	473.2	-	473.2	-	-	-
Senior citizens	7.4	1.1	8.5	-	-	-
Veterans grants and scholarships	1,385.2	652.0	2,037.2	139.9	113.8	253.7
Mandatory waivers total	2,725.5	753.2	3,478.7	350.4	114.9	465.3
Discretionary waivers:						
Faculty/administrative	4.5	374.7	379.2	1.5	-	1.5
Civil service	225.8	644.7	870.5	60.8	-	60.8
Academic/other talent	1,289.1	2,782.3	4,071.4	-	-	-
Athletic	1,547.1	-	1,547.1	-	-	-
Gender equity in intercollegiate athletics	1,319.1	-	1,319.1	-	-	-
Foreign students	-	138.3	138.3	-	-	-
Cooperating professionals	53.8	889.2	943.0	-	-	-
Research assistants	-	2,076.0	2,076.0	-	-	-
Teaching assistants	-	4,405.0	4,405.0	-	-	-
Interinstitutional/related agencies	31.6	116.6	148.2	-	-	-
Retired university employees	2.3	18.5	20.8	0.9	-	0.9
Children of deceased employees	26.8	-	26.8	6.1	-	6.1
Student need - financial aid	14.5	-	14.5	-	-	-
Student need - special programs	-	27.5	27.5	-	-	-
Other assistants	3.1	737.5	740.6	-	-	-
Fellowships	-	55.9	55.9	-	-	-
Contract/training grants	-	185.5	185.5	-	-	-
Discretionary waivers total	4,517.7	12,451.7	16,969.4	69.3	-	69.3
Grand Total	7,243.2	13,204.9	20,448.1	419.7	114.9	534.6

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Calculation Sheet for Current Excess Funds
Educational Activities
June 30, 2021

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Totals
1. Current available funds:					
Cash	A. \$ 4,793,608	\$ 9,015,380	\$ 6,194,340	\$ -	\$ 20,003,328
2. Working capital allowance:					
Highest month's expenditures	480,675	902,199	680,743	11,114,772	13,178,389
Encumbrances and current liabilities paid in lapse period	247,528	1,664,495	1,283,454	72,831,327	76,026,804
Unearned revenue	179,614	132,440	119,379	5,750,532	6,181,965
Total working capital allowance	B. 907,817	2,699,134	2,083,576	89,696,631	95,387,158
3. Current excess funds:					
Deduct B from A and enter here.	C. 3,885,791	6,316,246	4,110,764	(89,696,631)	(75,383,830)
4. Calculation of income fund remittance:					
An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any, here.	D. (2,801,387)	(23,895)	(28,978)	(58,512)	(2,912,772)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the income fund.					\$ (78,296,602)
Excess funds offset calculation					
Buildings	\$ 55,525,640	\$ -	\$ -	\$ -	\$ 55,525,640
Maximum rate	5%	5%	5%	5%	5%
Building capital offset	2,776,282	-	-	-	2,776,282
Equipment	\$ 125,527	\$ 119,474	\$ 144,892	\$ 292,562	\$ 682,455
Maximum rate	20%	20%	20%	20%	20%
Equipment capital offset	25,105	23,895	28,978	58,512	136,491
Total excess funds offset	\$ 2,801,387	\$ 23,895	\$ 28,978	\$ 58,512	\$ 2,912,772

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Calculation Sheet for Current Excess Funds
Service Departments
June 30, 2021

1.	Current available funds:	
	Cash and cash equivalents	A. \$ 8,154,605
2.	Working capital allowance:	
	Highest month's expenditures	5,440,654
	Encumbrances and current liabilities paid in lapse period	8,689,945
	Unearned revenue	<u>274,720</u>
	Total working capital allowance	B. <u>14,405,319</u>
3.	Current excess funds:	
	Deduct B from A and enter here	C. (6,250,714)
4.	Calculation of income fund remittance:	
	An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any, here.	D. <u>(8,407,528)</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u>\$ (14,658,242)</u>

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Calculation Sheet for Current Excess Funds (continued)

Auxiliary Business Operations

June 30, 2021

1.	Current available funds:		
	Add:		
	Cash and cash equivalents	\$	4,322,222
	Total current available funds	A.	4,322,222
2.	Working capital allowance:		
	Add:		
	Highest month's expenditures		1,585,527
	Encumbrances and current liabilities paid in lapse period		125,683
	Unearned revenue		<u>1,797,425</u>
	Working capital allowance	B.	<u>3,508,635</u>
3.	Current excess funds:		
	Deduct B from A and enter here	C.	813,587
4.	Calculation of income fund remittance:		
	An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any, here.		
	Building offset		(438,969)
	Equipment offset		<u>(148,349)</u>
	Total offset	D.	<u>(587,318)</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		<u>\$ 226,269</u>

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

**A Component Unit of the State of Illinois
COMPLIANCE REPORT**

Calculation Sheet for Current Excess Funds (continued)

Auxiliary Enterprises - Debt Financed Projects

June 30, 2021

	Student Housing Public Private Partnership		Student Housing Revenue Bond Funds			Excess Cash Total
	Residence Halls	Residence Halls	Student Services	Recreation Facilities	Parking	
A. Current available funds:						
Add:						
Cash	\$ -	\$ 87,171,891	\$ 9,003,157	\$ -	\$ 116,733	\$ 96,291,781
Total current available funds	-	87,171,891	9,003,157	-	116,733	96,291,781
B. Working capital allowance:						
Add:						
Highest month's expenditures	4,362,110	4,796,099	696,860	432,557	208,035	10,495,661
Encumbrances and current liabilities paid in lapse period	12,637,779	4,088,767	930,226	1,890,198	77,826	19,624,796
Unearned revenue	5,789,142	13,748,504	1,487,971	1,788,072	97,664	22,911,353
Working capital allowance	22,789,031	22,633,370	3,115,057	4,110,827	383,525	53,031,810
C. Current excess funds:						
Deduct B from A and enter here.	(22,789,031)	64,538,521	5,888,100	(4,110,827)	(266,792)	43,259,971
D. Capital offset - Building						(46,988,045)
Capital offset - Equipment						(11,975,000)
Capital offset total						<u>(58,963,045)</u>
				Net Total For Excess Funds		\$ (15,703,074)

Note 1: The Student Housing Public Private Partnership and the Student Housing Revenue Bond Funds have various fund reserves requirements in accordance with the respective bond covenants and is classified as a closed system in accordance with Governmental Accounting Standards Board Statement No. 34. Accordingly, the reported excess cash is retained to meet the bond covenant requirements.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Analysis of Indirect Cost Reimbursements

Calculation Sheet for Indirect Cost Support Carryforward

June 30, 2021

1. **Cash and cash equivalents balance:**

Enter the June 30 indirect cost entity balance for cash and cash equivalents:

Add:

Cash and cash equivalents \$ -

2. **Allocated reimbursements:**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed:

\$4,977,992. Enter 30 percent of this amount. 1,493,398

3. **Unallocated reimbursements:**

Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10 percent of total indirect cost allocations for the year completed. 497,799

4. **Encumbrances and current liabilities paid in the lapse period:**

Enter the amount of:

Current liabilities 8,875,057

Indirect cost carryforward:

Enter the total of Items 2, 3, and 4 10,866,254

Subtract from Item 1 (10,866,254)

If a positive number results, enter here and remit for deposit in the Income Fund \$ (10,866,254)

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Auxiliary Enterprises - Debt Financed Projects
Schedule of Indentured Capital Reserves
June 30, 2021

Replacement cost of buildings	\$ 939,760,895
Replacement cost of equipment	<u>59,875,000</u>
Total replacement cost of buildings and equipment	<u>\$ 999,635,895</u>
Allowable indentured capital reserves:	
5 percent of total replacement cost of buildings	\$ 46,988,045
20 percent of total replacement cost of equipment	11,975,000
Less actual indentured capital reserve at June 30	<u>-</u>
Margin of compliance	<u>\$ 58,963,045</u>

Note 1: Replacement costs shown above were calculated based on provisions of the University Guidelines 1982, as amended in 1997 and 2020, and the bond indenture, using the original cost of the facilities adjusted for the change in the building cost index as reported in the "Engineering News Record".

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
COMPLIANCE REPORT
Comparative Enrollment Statistics
June 30, 2021 and 2020

Although the size of the new freshmen and new transfer cohorts has stabilized over the past four years, earlier cohorts were markedly larger. As a result, NIU is now graduating the earlier, larger cohorts while bringing in consistently-sized new cohorts. This explains the decreased enrollment at the undergraduate level. Graduate and Law enrollment has remained relatively stable.

	<u>On Campus</u>		<u>Off Campus</u>		<u>Totals</u>	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Undergraduate						
Summer	2,446	2,453	304	367	2,750	2,820
Fall	12,150	11,894	127	237	12,277	12,131
Spring	10,815	10,812	114	272	10,929	11,084
Undergraduate Total	25,411	25,159	545	876	25,956	26,035
Graduate						
Summer	1,646	1,382	967	1,304	2,613	2,686
Fall	3,421	3,015	764	1,189	4,185	4,204
Spring	3,453	2,951	552	1,116	4,005	4,067
Graduate Total	8,520	7,348	2,283	3,609	10,803	10,957
Professional						
Summer	108	69	3	-	111	69
Fall	307	274	-	-	307	274
Spring	282	268	-	-	282	268
Professional Total	697	611	3	-	700	611
Total	34,628	33,118	2,831	4,485	37,459	37,603

Note:

1. Headcounts as of the 10th day of each semester.
2. Graduate includes Masters, Law (JD), and Doctorate

Full-time Equivalent Enrollment, All Students

	<u>FY 2021</u>	<u>FY 2020</u>
Undergraduate	10,817	10,944
Graduate	3,338	2,797
Total	14,155	13,741

Note:

1. Full time equivalents include full-time plus the full-time equivalent of part-time students. The full-time equivalent of the part-time students is estimated using different factors depending on the type of student enrollment and level of student. The credit hours per semesters baseline for a full-time equivalent of the part-time student enrolled as Undergraduate is 12.0 or more; Graduate is 9.0 or more; and Law is 13.0 or more.
2. Graduate includes Masters, Law (JD), and Doctorate

Degrees Awarded

	<u>FY 2021</u>	<u>FY 2020</u>
Bachelors	3,080	3,216
Masters	1,208	1,207
Law--J.D.	73	80
Doctorate	138	145
Total	4,499	4,648

Note:

1. FY 2021 includes Summer 2020, Fall 2020 and Spring 2021.
2. FY 2020 includes Summer 2019, Fall 2019 and Spring 2020.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Debt Financed by University-Related Organization

For the Year Ended June 30, 2021

The Northern Illinois University Foundation issued bonds in connection with the construction of the Kenneth and Ellen Chessick Practice Center. The bonds, issued at an interest rate of 1.62%, were paid in full as of March 2021.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

**Acquisition of Real Estate Costing in Excess of
\$250,000 and Not Funded by a Separate Appropriation
For the Year Ended June 30, 2021**

During fiscal year 2021, the University and UROs did not purchase any real estate costing in excess of \$250,000.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Current Unrestricted Funds - Auxiliary Enterprises -

Debt Financed Projects - Occupancy Report

of Residence Halls

For the Year Ended June 30, 2021

<u>Student Residence Hall</u>	<u>Designed Capacity</u>	<u>Fall Semester Occupancy</u>	<u>Spring Semester Occupancy</u>	<u>Average Occupancy</u>
Neptune Complex	1,138	437	269	353
Gilbert Hall	280	109	82	96
Northern View	239	206	180	193
Grant Towers	1,660	312	226	269
Stevenson Towers	1,280	606	411	509
New Hall	1,008	782	513	648
Total Residence Halls	5,605	2,452	1,681	2,068

<u>Student Residence Hall</u>	<u>Rates</u>			
	<u>Single</u>	<u>Double</u>	<u>Suite w/Bath</u>	<u>Suite w/o Bath</u>
Neptune Complex ^{1,2,4}	\$ 9,908	\$ -	\$ -	\$ -
Gilbert Hall ^{1,2,4}	10,880	-	-	-
Northern View ^{1,2,3}	10,242	8,962	-	-
Grant Towers ^{1,2,4}	10,880	-	-	-
Stevenson Towers ^{1,2,4}	10,808	-	-	-
New Hall ^{1,2,4}	13,938	-	-	-

1. Assumes 9-month occupancy rate.
2. Price includes a meal plan (Manually added the cost for a meal plan - \$529 per semester, total of \$1,058 - into NVC. It does not come standard in the apartments.)
3. NVC rates include a \$92 technology fee per semester.
4. All other residence halls include \$92 Technology fee and \$50 housing surcharge per semester.

As further described in the *Independent Accountants' Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

NORTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

COMPLIANCE REPORT

Current Unrestricted Funds – Auxiliary Enterprises –

Debt Financed Projects – Insured Value Summary

For the Year Ended June 30, 2021

The University obtains its property insurance, including boiler and machinery, through the Midwestern Higher Education Compact’s Master Property Program (MHEC MPP). This program provides comprehensive property coverage that is tailored specifically for college campuses while reducing cost and risk for the college’s assets. The University purchases limits of \$1 billion over multiple layers through multiple insurers. State and University self-insurance programs and commercial insurance are in force to provide liability coverage for University operations, including Revenue Bond.

	<u>Insured Value</u>		
	<u>Building</u>	<u>Contents</u>	<u>Business Interruption</u>
Total:	<u>\$ 717,418,688</u>	<u>\$ 47,492,244</u>	<u>\$ 42,115,500</u>

As further described in the *Independent Accountants’ Report on State Compliance and on Internal Control over Compliance*, the accountants do not express an opinion or any form of assurance on this report component.

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