

## Internal Auditing Charter

### Purpose and Mission

The purpose of Northeastern Illinois University's (NEIU) Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve NEIU's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps NEIU accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Standards for the Professional Practice of Internal Auditing

NEIU is committed to the professional practice of internal auditing. The Internal Audit Department will function in compliance with the Illinois Fiscal Control and Internal Auditing Act (FCIAA) and follow the by-laws and requirements established by the State Internal Advisory Board (SIAAB). As required by SIAAB, the Department will govern itself by adherence to The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the definition of Internal Auditing (*Standards*). At NEIU the Director of Internal Auditing performs the role of the Chief Auditor/Chief Audit Executive. The Director of Internal Auditing will report periodically to the President of the University and the Board of Trustees (BOT) Audit Committee regarding the Internal Audit Department's conformance to the *Standards*.

### Organization and Authority

The Director of Internal Auditing will report functionally to the President of the University and the BOT Audit Committee and administratively to the Vice President of Finance and Administration. To establish, maintain and assure that NEIU's Internal Audit Department has sufficient authority to fulfill its duties, the President and the Board of Trustee Audit Committee will:

- Approve the Internal Audit Department's charter.
- Approve the two-year, annual internal *Audit Plan*.
- Approve the Internal Audit Department budget and resource plan (following normal university procedures.)
- Receive communications from the Director of Internal Auditing on the Internal Audit Department's performance relative to its plan and other activities.
- Approve decisions regarding the appointment and removal of the Director of Internal Auditing.
- Approve the remuneration of the Director of Internal Auditing (following Normal University procedures).
- Make appropriate inquires of management and the Director of Internal Auditing to determine whether there are inappropriate scope or resource limitations.

## Internal Auditing Charter

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The Director of Internal Auditing will have unrestricted access to, and may communicate and interact directly with the Board of Trustee's Audit Committee, including in private meetings, without management present.

- The Internal Auditing Department has full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- The Director is authorized to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and to issue reports.
- The Internal Auditing Department can obtain assistance from the necessary NEIU personnel, as well as specialized services from within or outside NEIU in order to complete engagements. Management's approval will be obtained when it is deemed necessary for resources external to NEIU.

### Independence and Objectivity

The Director of Internal Auditing will ensure that the Internal Audit Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will not have direct operational responsibilities or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NEIU or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any NEIU employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of Internal Auditing has or is expected to have roles and/or responsibilities outside of Internal Audit, safeguards will be established to limit impairments to independence or objectivity.

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

## Internal Auditing Charter

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- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Director of Internal Auditing will confirm to Management and the Board of Trustees Audit Committee at least annually, the organizational independence of the Internal Audit Department.

The Director of Internal Auditing will disclose to the appropriate governance level, any interference and related implications in determining the scope of internal auditing, performing work, and/or communication results.

### Scope of Internal Audit Activities

Scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for NEIU. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of NEIU's strategic objectives are appropriately identified and managed.
- The actions of NEIU's officers, directors, employees, and contractors are in compliance with NEIU's policies, procedures, and applicable laws, regulations and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations of programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact NEIU or its affiliates.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently and protected adequately.

The Director of Internal Auditing will report periodically to senior management and the Board of Trustees Audit Committee regarding:

- The Internal Audit Department's purpose, authority and responsibilities.
- The Internal Audit Department's plan and performance relative to its plan.
- The Internal Audit Department's conformance with the *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the Board Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to NEIU.

The Director of Internal Auditing also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature

## Internal Auditing Charter

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and scope of which will be agreed upon with the client, provided the Internal Audit Department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

### Primary Duties & Responsibilities

The primary responsibilities of the Internal Audit Department include:

- Submitting, annually by June 30, to the President of the University and the BOT Audit Committee a two-year, risk-based annual *Internal Audit Plan* for review and approval.
- Communicating to the President of the University and the BOT Audit Committee the impact of resource limitation on the *Internal Audit Plan*.
- Review and adjust the *Internal Audit Plan*, as necessary, in response to changes in NEIU's business, risks, operational programs, systems, and controls.
- Communicate to senior management and the BOT Audit Committee any significant interim changes to the *Internal Audit Plan*.
- Ensure each engagement on the *Internal Audit Plan* is executed, including the establishment of objectives and scope, the assignment of appropriate resources, the documentation of work programs and testing results and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow-up on engagement findings and corrective actions, and report periodically to senior management and the BOT Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.
- Ensure the Internal Audit Department collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure that emerging trends and emerging issues that could impact NEIU are considered and communicated to senior management and the BOT Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department.
- Ensure adherence to NEIU's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to the President of the University and the BOT Audit Committee.
- Ensure conformance of the Internal Audit Department with the *Standards* with the following qualifications:
  - If the Internal Audit Department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Director of Internal Auditing will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.

## Internal Auditing Charter

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- If the *Standards* are used in conjunction with requirements issued by other authoritative bodies (i.e., Generally Accepted Governmental Auditing Standards (GAGAS), the Director of Internal Auditing will ensure the Internal Audit Department conforms with the *Standards*, even if the Internal Audit Department conforms to more restrictive requirements of other authoritative bodies.
- Ensure by September 30, of each year that a written report detailing how the *Internal Audit Plan* for the previous fiscal year was carried out, the significant findings and the extent to which recommended changes were implemented is provided to the President of the University and BOT Audit Committee.
- Ensure audits of major information systems of internal accounting and administrative control are considered for review at least once every two years. This includes review of the design of major, new information systems and major modifications of those systems before installation.
- Assist management in the coordination of the FCIAA certification of internal controls process.
- Assist in the investigation of potentially fraudulent activities and ensure due diligence is performed to identify fraud in planned audits.
- Coordinate with external auditors and regulatory agencies concerning the scope of work performed to reduce duplication and the optimization of audit coverage.

### Quality Assurance and Improvement Program

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department's conformance with the *Standards*. The program will also assess the efficiency and effectiveness of the Internal Audit Department's activities and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Board of Trustees Audit Committee on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor from outside the NEIU organization.

### Approval/Signatures




\_\_\_\_\_  
Chrystal D. Temples, Director of Internal Auditing

6/30/2024

\_\_\_\_\_  
Date



\_\_\_\_\_  
Dr. Katrina E. Bell-Jordan, President



\_\_\_\_\_  
Date

\_\_\_\_\_  
Anna Meresidis, BOT Secretary

\_\_\_\_\_  
Date



**Northeastern Illinois University  
Internal Audit Department  
FY 2025-2026  
Detailed Audit Plan**

2025 (July 1, 2024 – June 30, 2025)		2026 (July 1, 2025 – June 30, 2026)	
Audit Projects	Hours	Audit Projects	Hours
Information Technology – Security <sup>(1)</sup>	150	Property Control <sup>(1)</sup>	250
Payroll Processes – Workday	40	Tuition Waivers <sup>(2)</sup>	250
Grants – CCAS <sup>(1)</sup>	250	EI Centro Internal Controls Review	250
Revenue/Receivables <sup>(1)</sup>	250	CCIS – Internal Controls Review	250
P-Cards	250	Chrome River <sup>(1)</sup>	250
ESM (E-Procurement) <sup>(1)</sup>	250		
<b>Administrative &amp; Compliance Activities and Reporting</b>		<b>Administrative &amp; Compliance Activities and Reporting</b>	
FCIAA Certification Coordination	40	FCIAA Certification Coordination	40
Annual Planning/Risk Assessment	40	Annual Planning/Risk Assessment	40
Annual Report	20	Annual Report	20
Follow-up	40	Follow-up	40
Unplanned Activities	40	Unplanned Activities	80
Quality Assessment Review	30	Quality Assessment Review	30
External Audit Coordination	100	External Audit Coordination	100
<b>Total Hours for 2025</b>	<b>1,600</b>	<b>Total Hours for 2026</b>	<b>1,600</b>

<sup>(1)</sup>Audit areas listed in the State Accounting Manual (SAM) as part of the State of Illinois' internal control framework. Per FCIAA, major accounting activities should be considered for audit every two years. This factor has been considered as part of the risk ranking in the development of the annual planning risk assessment. Departmental/Center audits are anticipated to cover the majority of 11 functional areas identified in the Control Framework but will be further defined at the audit level risk assessment and the availability of audit resources.

<sup>(2)</sup>Tuition and Fee Waivers are required to be periodically reviewed based on IBHE Tuition and Fee Waiver Guidelines.

**Other Items for Audit Consideration:**

Petty Cash & Local Funds  
Auxiliary Services-Parking, Rec. Center, etc.  
Budget Process  
Financial Aid

Student Services  
Union Building Administration & Conferences  
Capital Projects/Construction  
Compliance Areas (Title IX, Cleary Act, PCI, Record Retention, Ethics, etc.)  
Grading & Registrar Office

Please note the plan is subject to change based upon staffing and unforeseen issues that may develop. Whenever possible, integrated audits will be performed to address technologies associated with the area under review. Any significant changes to the plan will be communicated to the NEIU Management and the Board of Trustees Audit Committee Chairperson.

**Approvals:**

 7/16/24

Dr. Katrina E. Bell-Jordan  
Northeastern Illinois University Interim President

Anna Meresidis  
Board of Trustees, Audit Committee Chairperson

## MEMORANDUM

DATE: September 19, 2024

TO: Dr. Katrina Bell-Jordan, President

FROM: Christy Temples, Director of Internal Auditing *CT*

CC: Anna Meresidis, Board of Trustees, Audit Committee Chair  
Beni Ortiz, Interim Vice President for Finance and Administration

SUBJECT: Auditor Independence Statement

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The purpose of this statement is to provide information regarding the independence of the Internal Audit Department personnel of Northeastern Illinois University (NEIU). This information is necessary to:

- Provide documentary evidence that the Internal Audit Department is monitoring the independence of office personnel; and
- Properly determine that audit engagements are staffed with independent personnel.

I have read the rules of professional conduct promulgated by the Institute of Internal Auditors. I understand that independence is to be maintained in spirit as well as in fact. I have determined to the best of my knowledge and belief that I do not have a direct financial interest in any organization, activity or affiliate of NEIU.

I have not accepted personal benefits from any University personnel, organization or affiliates which would impair my credibility or my independence in the minds of a reasonable person familiar with the facts.

I am an authorized fiscal agent and perform other administrative duties only for the Internal Audit Department of NEIU. I do not serve as an officer and/or director of any organizations that transact business with the University.



STATE OF ILLINOIS  
 OFFICE OF THE  
**AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

State Compliance Examination  
 For the Year Ended June 30, 2023

Release Date: May 23, 2024

FINDINGS THIS AUDIT: 13				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2022	23-02, 23-03		
Category 2:	4	6	10	2020	23-01	23-07	
Category 3:	0	0	0	2019		23-04, 23-08	
TOTAL	4	9	13	2018		23-12, 23-13	
				2017		23-05	
FINDINGS LAST AUDIT: 12							

**INTRODUCTION**

This digest covers the Northeastern Illinois University (University) Compliance Examination for the year ended June 30, 2023. Separate digests covering the University's Financial Audit and Single Audit as of and for the year ended June 30, 2023 were previously released on March 28, 2024. In total, this report contains 13 findings, 7 of which were reported in the Financial Audit and Single Audit collectively.

**SYNOPSIS**

- (23-08) The University did not maintain adequate internal controls related to its cybersecurity programs and practices.
- (23-10) The University did not comply with the Campus Security Enhancement Act of 2008.
- (23-12) The University did not have adequate controls over its property and equipment.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.



**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**Weaknesses in Cybersecurity Programs and Practices**

The University did not maintain adequate internal controls related to its cybersecurity programs and practices.

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

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

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

**University lacked documented onboarding policy or HR Manual for University contractors**

**Specific control actives were not identified for each evaluated category**

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in establishing adequate controls related to cybersecurity. (Finding 08, pages 25-26). **This findings has been reported since 2019.**

We recommended the University:

- Modify all onboarding and HR Manuals to include contractors.
- Update policies for review dates in addition to revised dates.

- Further develop the risk register and risk assessment to ensure specific control activities are thoroughly documented.
- Document evidence employee listing are complete and accurate.
- Ensure annual cybersecurity training and acknowledgement of policies is completed and acknowledged by all employees and contractors.

**University agreed with auditors**

The University agreed with the recommendation.

**NONCOMPLIANCE WITH THE CAMPUS SECURITY ENHANCEMENT ACT OF 2008**

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

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

- One (14%) employee did not have a criminal background investigation completed until over 19 months after their hire date.
- One (14%) employee did not have a criminal background investigation completed. (Finding 10, page 29)

**Employees in security-sensitive positions did not complete background investigation timely or at all.**

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

**University agreed with auditors**

The University agreed with the recommendation.

**INADEQUATE CONTROLS OVER UNIVERSITY PROPERTY AND EQUIPMENT**

The University did not have adequate controls over its property and equipment.

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

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

**Equipment additions were not timely recorded in the University's property records or in the correct fiscal year**

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

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

**Auditors noted weakness over University's annual inventory count**

- Proper conduct of the physical count process including the objective of the count, timing and types of counts, instructions for counting and recording, and researching and adjusting discrepancies, as well as procedures and trainings to new employees to perform the count.
- Delineating the categories of equipment that are subject to theft with value less than the nominal value to ensure equipment is marked with a unique identification number. Without a policy addressing the accountability and control of high theft equipment items, there is an increased risk of University property loss without timely detection. (Finding 12, pages 31-32) **This finding has been reported since 2018.**

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

**University agreed with auditors**

The University agreed with the recommendation.

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next State compliance examination.

**AUDITOR'S OPINIONS**

The financial audit was previously released. Our auditors stated the financial statements of the University as of and for the year ended June 30, 2023 are fairly stated in all material respects.

The single audit was previously released. Our auditors conducted a Single Audit of the University as required by the Uniform Guidance and stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2023.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the University for the year ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2023-001, 2023-002, and 2023-003. Except for the noncompliance described in these findings, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Plante & Moran, PLLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

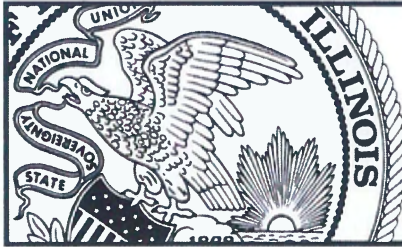
This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JGR



STATE OF ILLINOIS  
 OFFICE OF THE  
**AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2023**

**Release Date: March 28, 2024**

<b>FINDINGS THIS AUDIT: 6</b>				<b>AGING SCHEDULE OF REPEATED FINDINGS</b>			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>1</b>	<b>2</b>	<b>3</b>	2022	<b>23-2</b>		
<b>Category 2:</b>	<b>1</b>	<b>2</b>	<b>3</b>	2020	<b>23-1</b>		
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2019		<b>23-04</b>	
<b>TOTAL</b>	<b>2</b>	<b>4</b>	<b>6</b>	2017		<b>23-05</b>	
<b>FINDINGS LAST AUDIT: 4</b>							

**INTRODUCTION**

This digest covers the Northeastern Illinois University’s (University) Financial Audit as of and for the year ended June 30, 2023. The University’s Compliance Examination and Single Audit will be issued in separate reports.

**SYNOPSIS**

- **(23-01)** The 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 plans was complete and accurate.
- **(23-02)** The University did not timely complete and did not have adequate review of its year-end reconciliations
- **(23-04)** The University did not document independent internal control reviews over service providers.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.



**NORTHEASTERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2023

STATEMENT OF NET POSITION (in thousands)	2023	2022
<b>Assets</b>		
Cash and cash equivalents.....	\$ 86,822	\$ 86,000
Accounts and student loans receivable, net.....	22,112	21,638
Capital assets, net.....	172,122	169,339
Other.....	2,207	744
Total Assets.....	283,263	277,721
<b>Deferred Outflows of Resources.....</b>	<b>1,322</b>	<b>1,949</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	18,411	13,683
Unearned revenues.....	3,781	3,689
Subscription liabilities.....	2,666	-
Accrued compensated absences.....	5,124	5,354
Revenue bonds and Certificates of participation.....	41,485	44,332
Other post-employment benefits.....	10,111	27,234
Other.....	152	360
Total Liabilities.....	81,730	94,652
<b>Deferred Inflows of Resources.....</b>	<b>50,070</b>	<b>40,736</b>
<b>Net Position</b>		
Net investment in capital assets.....	102,718	99,990
Restricted.....	5,869	7,680
Unrestricted.....	44,197	36,612
Total Net Position.....	\$ 152,784	\$ 144,282

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)	2023	2022
<b>Revenues</b>		
State appropriations.....	\$ -	\$ 37,345
On-Behalf and Special Funding for fringe benefits.....	-	48,684
Tuition and fees, net.....	34,384	39,666
Auxiliary enterprises.....	1,682	1,679
Federal and State grants and other contracts.....	12,003	52,398
Capital additions.....	-	1,254
Other.....	2,780	2,071
Total Revenues.....	50,849	183,097
<b>Expenses</b>		
Instruction.....	62,317	83,793
Research.....	1,296	1,368
Public service.....	4,472	5,754
Academic support.....	8,031	10,336
Student services.....	9,235	12,444
Institutional support.....	16,193	24,259
Operation and maintenance of plant.....	12,140	16,089
Scholarships and fellowships.....	6,695	15,033
Auxiliary enterprises.....	5,514	6,456
Depreciation.....	7,930	5,985
Interest.....	-	1,771
Total Expenses.....	133,823	183,288
<b>Increase in net position.....</b>	<b>\$ (82,974)</b>	<b>\$ (191)</b>

**UNIVERSITY PRESIDENT**  
Current: Interim President - Dr. Katrina Bell-Jordan  
During Audit Period: President - Dr. Gloria Gibson (Up to 6/30/23)

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
CENSUS DATA**

**Internal controls over census data  
need improvement**

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

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pension plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.

**An initial complete reconciliation  
had not been performed**

**Instances of data transmission errors noted during cut-off testing**

- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 1 instance of an active employee becoming inactive and 1 instance of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that impacted the June 30, 2021 census data. (Finding 1, Pages 88-90)

We recommended the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary and 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. We also recommend 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. We further recommended the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

**University agreed with the auditors**

University officials agreed with the finding.

**LACK OF CONTROLS OVER YEAR-END REVIEWS AND RECONCILIATIONS**

The University did not timely complete and did not have adequate review of its year-end reconciliations.

During testing we noted the following:

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

**Improper cutoff recognition between fiscal years noted**

**Inability to generate accurate data from new Payroll and Human Resources system resulted in use of estimates for payroll deferrals and accruals**

- When University went live on April 16, 2023 with their new Payroll and Human Resources system there were conversion issues with how the activity was calculated and recorded in the University’s general ledger. Several corrections had to be made to both employee pay and amounts posted into the University’s general ledger. Due to the inability to get accurate data from the new system, the University recorded estimates for deferred faculty pay and accrued sick and vacation as of June 30, 2023, based on historical trend information and recorded an additional liability of \$483,130. The University also recorded an entry in late October for retroactive pay of \$1,245,337 that was paid in July 2023 for Fiscal Year 2023.

**Untimely federal and state grant receivables reconciliation**

- The University did not reconcile federal and state grant receivables and revenue until October 2023. The University recorded a receivable of \$1,502,692, federal grant revenues of \$2,029,994, and a net reduction of state grant and other grant revenues by \$527,757.

**Untimely SBITA analysis**

- The University did not complete a final analysis and recording of subscription-based information technology arrangements (SBITAs) until November 2023. The amounts recorded increased assets by \$3,326,049, liabilities (current and noncurrent) by \$3,009,333, as well as impacted several expense accounts including rent expense and amortization. (Finding 2, Pages 91-92)

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

**University agreed with the auditors**

University officials agreed with the finding.

**LACK OF CONTROLS OVER REVIEW OF INTERNAL CONTROLS OVER SERVICE PROVIDERS**

The University did not document independent internal control reviews over service providers.

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

**Provided listing of services providers was incomplete**

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

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

**University failed to establish adequate policies or procedures over service providers**

- Established a documented and comprehensive policy or procedures to guide vendor's due diligence when onboarding third-party service provider.
- Established documented policies and procedures to monitor performance and contractual compliance of service providers.
- Mapped the Comprehensive User Entity Controls (CUECs) noted in service providers' to existing internal controls at the University. (Finding 4, Pages 95-96)

**University failed to map CUEC from service providers**

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

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

**University agreed with the auditors**

University officials agreed with the finding.

**OTHER FINDINGS**

The remaining findings pertain to noncompliance with the Fiscal Control and Internal Audit Act, computer security weaknesses and lack of adequate change management controls. We will review the University's progress towards



the implementation of our recommendations in our next financial audit.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2023 are fairly stated in all material respects.

This financial audit was conducted by Plante & Moran, PLLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JGR



STATE OF ILLINOIS  
 OFFICE OF THE  
**AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

Single Audit  
 For the Year Ended June 30, 2023

Release Date: March 28, 2024

FINDINGS THIS AUDIT: 7				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	2	3	2022	23-2		
Category 2:	1	3	4	2020	23-1	23-07	
Category 3:	0	0	0	2019		23-04	
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>7</b>	2017		23-05	
<b>FINDINGS LAST AUDIT: 7</b>							

**INTRODUCTION**

This digest covers the Northeastern Illinois University's (University) Single Audit for the year ended June 30, 2023. A separate digest covering the University's Financial Audit was separately released. In addition, a separate digest covering the University's State Compliance Examination will be released at a later date. In total, this digest contains 7 findings, 6 of which were reported in the Financial Audit.

**SYNOPSIS**

- (23-07) The University did not have adequate procedures in place to ensure reports were accurate and timely submitted and posted to their website.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **NONCOMPLIANCE WITH GRANT REPORT REQUIREMENTS**

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

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

- Four of 4 (100%) Quarterly Public Reports were improperly completed and/or reported incorrect Student Aid amounts.
- Three of 4 (75%) Quarterly Public Reports were posted 15 days, 30 days, and 107 days late to the University's website. (Finding 7, pages 26-27)

**Grant reports were improperly  
completed and posted late**

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

**University agreed with auditors**

University officials agreed with the finding.

### **OTHER FINDINGS**

The findings from the financial audit incorporated into the Single Audit report pertain to census data, lack of adequate controls over year end reports and reconciliations, noncompliance with the Fiscal Control and Internal Audit Act, service providers, computer security weaknesses, and lack of adequate change management controls. We will review the University's progress towards the implementation of our recommendations in our next financial audit and single audit.

### AUDITOR'S OPINION

The financial audit was released separately. The auditors stated the financial statements of the University as of and for the year ended June 30, 2023, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2023.

This Single Audit was conducted by Plante & Moran., PLLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JGR

President's Report to the Audit Committee  
of the Board of Trustees of Northeastern Illinois University  
**September 19, 2024**

**Information Item: Audit Findings Progress Report**

The University's 2023 Financial and Single Audits were released by Illinois Office of Auditor General 3/28/2024. The Compliance Audit was released on 5/25/2024. The following summary provides the status of the individual audit findings and indicates if the finding is a recurring finding from previous years.

Here is the current status of the 2023 material findings:

- NEIU had 13 material audit findings (*This is down from the highest number of findings for a 5 year period - 20 findings in 2019 and 2020. See Chart on Page 6*)
- 9 of 13 findings were repeated findings (001, 002, 003, 004, 005, 007, 008, 012, 013)
- 4 of 13 findings have been reported as addressed (002, 003, 007, 010)
- 9 findings are in the process of being addressed.
- At this time, there is a possibility that 8 will appear in the FY2024 reports. This is due to timing of expected completion dates. (001, 004, 006, 008, 009, 011, 012, 013)

#	Previous	Finding	Status	Expected Completion
001	2022	Inadequate Control over Census Data	NEIU Human Resources is collaborating with SURS on the best methods to report and reconcile census data.	6/30/2025
002	2022	Lack of Adequate Controls Over Year-End Reviews and Reconciliations	The Controller's Office is in the process of identifying best practices to implement for FY2025. Additionally, an additional review will be performed for checks cut after 6/30 for a certain threshold to ensure proper recording of transactions in their fiscal periods.	Completed
003	2022	Noncompliance with the Fiscal Control and Internal Auditing Act	Internal Audit Director was hired September 2023. FCIAA internal control certification requirements have been met in timely fashion.	Completed



Northeastern Illinois University Board of Trustees Audit Committee  
**September 19, 2024**

004	2022, 2019	Lack of Adequate Controls over Service Providers	<p>UTS and Procurement are performing the following:</p> <ol style="list-style-type: none"> <li>1. Establishing a documented and comprehensive policy or procedure to guide vendors' due diligence during onboarding. - Procurement</li> <li>2. Establishing a policy and procedure to monitor performance and contractual compliance of service providers. – Procurement with Departments</li> <li>3. Map CUECs to internal controls. – UTS with Departmental Leads</li> </ol>	1/30/2025
005	2022	Weaknesses in Computer Security	<p>UTS is performing the following:</p> <ol style="list-style-type: none"> <li>1. Finalizing the user account policy, include access review, and carry an access review - UTS and department leads</li> <li>2a. Cleaning out workstations that are not active and only reporting on active workstations using Carbon Black. - UTS Client Services</li> <li>2b. Identifying departmental workstations running obsolete OSs and decommissioning or migrating to supported OSs. - UTS Client Services and Security</li> <li>2c. Improving patch rollouts on servers and decommissioning outdated OSs or migrating to supported ones. - Infrastructure Team</li> <li>3. Ensuring Banner access activation and terminations are documented and take place when users exit - Applications Team.</li> <li>4. Ensuring Banner access is periodically reviewed and access is validated - Applications Team</li> <li>5. Ensuring ESM access activation and terminations are documented and access reviewed periodically - Procurement</li> </ol>	<p>Partially Complete</p> <p>Anticipated Full Completion: 3/31/2025</p>

Northeastern Illinois University Board of Trustees Audit Committee  
**September 19, 2024**

006	NEW	Lack of Adequate Change Management Controls	<p>UTS is performing the following:</p> <ol style="list-style-type: none"> <li>1. Developing a university-wide IT change management policy for internally managed IT systems and third-party systems.</li> <li>2. Ensuring changes to IT systems are documented. – Owing departments with UTS</li> </ol>	1/30/2025
007	2022, 2021	Noncompliance with Grant Report Requirements	<p>The Grants and Contracts Office is frequently reviewing funding agency websites to ensure reports are up-to-date with changes in reporting requirements. The published reports are being revised to meet the requirements of the funding agency. The Grants and Contracts Office is also ensuring that reports will be submitted and published as required by the funding agency in a timely manner.</p>	Complete
008	2022, 2019	Weaknesses in Cybersecurity Programs and Practices	<p>UTS and HR are performing the following:</p> <ol style="list-style-type: none"> <li>1. Establishing a documented onboarding policy or HR manual for staff and contractors – HR</li> <li>2. Including review dates and versions in IT policies/Create a list – UTS Security</li> <li>3. Maintaining an up-to-date list of current employees and contractors – HR</li> <li>4. Updating the risk register to include specific NIST domain requirements – UTS Security</li> <li>5. Training for employees – UTS/HR</li> </ol>	1/30/2025

Northeastern Illinois University Board of Trustees Audit Committee  
**September 19, 2024**

009	NEW	Noncompliance with College Student Immunization Act	<p>NEIU has improved compliance rates from 5% in 2019 to 60% in 2023. As of fall 2023, there is 41% compliance with continuing students and 79% compliance with newly enrolled students.</p> <p>The university has created a committee to review the current policy and the Illinois College Student Immunization Act. Their goal is to develop and implement a plan to meet all requirements within the policy and initiate a process by fall 2025.</p> <p>The committee is currently in the planning phase for obtaining technological solutions and developing a process flow to increase compliance rates and effectiveness of reporting.</p> <p>Communication to students regarding holds will begin in fall 2024 to prepare students of impending changes due to noncompliance. Student Health Services (SHS) continue to inform students during orientation days of the university immunization policy and assist with retrieving records through the Illinois Comprehensive Automated Immunization Registry Exchange (I-Care), as well as, offer services such as vaccine administration.</p> <p>Until the university reaches the implementation phase of a chosen integrated process, the committee is examining ways to enhance current systems such as Banner and Pyramed to track student records and produce accurate data.</p>	6/30/2025
010	NEW	Noncompliance with the Campus Security Enhancement Act of 2008	Effective April 16, 2023 NEIU launched Workday, which is a HRIS software. Workday has an integration built in its system that informs and requires the new hire to complete a background check prior to their employment date.	Completed

Northeastern Illinois University Board of Trustees Audit Committee  
**September 19, 2024**

011	NEW	Inadequate Controls Over Personnel Files	<p>Effective April 16, 2023 NEIU launched Workday, which is a HRIS software. Form I-9 is now completed during the on-boarding process for a new hire. The completed form is then stored in the employee's digital Workday file.</p> <p>Per the Illinois Department of Central Management Services NEIU is only required to notify CMS when an employee is going on a leave with pay. Moving forward, the benefits department will take a screenshot of the notification and upload it to the employee's digital file in Workday to show a record of communication with CMS.</p>	12/31/2024
012	2022, 2018	Inadequate Controls over University Property and Equipment	<p>The Support Service Manager/ Director of Property Control is looking into increasing staffing for the department. Competing priorities will be reassessed and addressed in a manner that allows the department to tackle them with urgency based on size of the project/task and available staff.</p>	12/1/2024
013	2018, 2011	Weakness Regarding Clearing of Data from Electronic Devices	<p>Policies and procedures are in place. Emphasis now is on adherence and monitoring through. Additionally, reporting will be put in place.</p>	<p>Partially Completed</p> <p>Anticipated Full Completion: 1/30/2025</p>

