



BOARD OF TRUSTEES

**Finance, Audit, Compliance, Facilities
and Operations Committee**

June 14, 2018

A G E N D A

**NIU Board of Trustees
FINANCE, AUDIT, COMPLIANCE, FACILITIES AND OPERATIONS COMMITTEE
8:15 a.m. – Thursday – June 14, 2018
Board of Trustees Room
315 Altgeld Hall**



1. Call to Order and Roll Call
2. Verification of Quorum and Appropriate Notification of Public Meeting
3. Meeting Agenda Approval *Action*.....i
4. Chair's Comments/Announcements
5. Public Comment*
6. University Recommendations
 - a. Marketing and Support for Undergraduate Recruitment *Action*.....1
 - b. Differential Tuition for Master of Science and Certificate of Graduate Study in Data Analytics..... *Action*.....2
 - c. FY19 Internal Budget *Action*.....3
7. University Report
 - a. FY17 External Audit Corrective Action Plans Update *Information*.....8
8. Other Matters
9. Next Meeting Date
10. Adjournment

*Individuals wishing to make an appearance before the Board should consult the [Bylaws of the Board of Trustees of Northern Illinois University, Article II, Section 4 – Appearances before the Board](#). Appearance request forms will be available in the Board Room the day of the meeting. For more information, contact Liz Wright, (ewright1@niu.edu) Acting Recording Secretary to the Board of Trustees, Altgeld Hall 300, DeKalb, IL 60115, 815-753-1273.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Liz Wright at 815-753-9501, as soon as possible.

MARKETING AND SUPPORT FOR UNDERGRADUATE RECRUITMENT

Summary: The Division of Enrollment Management, Marketing & Communications (EMMC) is seeking proposals for a third-party service provider who specializes in student search, fulfillment, and recruitment communication in order to expand our outreach efforts to prospective freshmen. Initiatives include better-targeted recruitment efforts in established territories and new outreach efforts in markets opened to NIU by the recent introduction of a single in-State tuition rate for all domestic undergraduates. A Request for Proposal will be developed and advertised to determine vendor and pricing; with an award expected by Summer 2018. Once an award is made, it will be advertised in the Illinois Procurement Bulletin. The RFP will include potential renewal options.

Background: We are looking for a third party service provider who specializes in student search, fulfillment, and recruitment communication in order to enhance three initiatives: First, we look to increase the numbers of contacts with prospective students including starting the communication process early and increasing the number of contacts with each student. Second, we will have a more sophisticated method of targeting our recruitment messaging based on nationally collected data related to student response with an analysis at each stage of the recruitment process. Third, we will build a targeted communication campaign with prospective students' parents.

Through a collaborative relationship with current NIU Enrollment Management, Marketing and Communications staff, we will expect to achieve the following:

- Enhance our ability to control and shape attributes of our freshmen student inquiry pool including, but not limited to, enhancing market share in the greater Chicago market and expanding into new markets outside of Illinois
- Move a greater percentage of inquiries to application
- Improve yield rates for admitted freshmen
- Develop an expanded communication plan beginning in the sophomore year of high school and continuing through the inquiry, application, admittance, and enrollment confirmation phases of recruitment
- Develop a parent communication plan including targeted messaging
- Extensive research and data analysis support
- Contract anticipated to be approximately \$750,000/year for 5 years

Funding: Appropriated/Income Funds: Not to exceed \$3,750,000 at approximately \$750,000/year for five years.

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

**DIFFERENTIAL TUITION FOR MASTER OF SCIENCE
AND CERTIFICATE OF GRADUATE STUDY IN DATA ANALYTICS**

Summary: In conjunction with the recommendation to approve the new Master of Science in Data Analytics (MSDA), which was endorsed by the Academic Affairs, Student Affairs, and Personnel Committee of the Board of Trustees, Northern Illinois University seeks approval to charge a differential tuition rate of \$400 per credit hour for the new program, as well as for the existing certificate of graduate studies in data analytics. The University anticipates approval of the new degree program in time for a start in January 2019 and requests that the new differential tuition rate be approved for implementation in FY19.

Background: The College of Business (COB) is proposing a differential tuition rate of \$400 per credit hour for the MSDA program. This is the same rate charged to students in the Evening and Fast-Trak MBA programs, and the approved rate for our new Master of Science in Digital Marketing program. Setting the same differential tuition rate for the certificate program ensures that students who may choose to earn the certificate prior to transferring into the degree program have the same tuition model throughout their course of study.

Similar to all differential tuition funds generated by COB graduate programs, these funds increase our ability to enhance the programmatic experience for our students and our ability to recruit and retain high quality faculty. The College will use a significant portion of these funds to support the launch and maintenance of a center for data analytics, an important initiative of our strategic plan. The center will position our program at the cutting-edge of the field, increase experiential learning opportunities for our students, and create new opportunities for our corporate partners to engage with and recruit our students.

Even with the addition of the proposed differential tuition, NIU's program offers students a quality, flexible, online program for less (\$9,296 per 9 credit hours) than similar programs offered by the University of Illinois-Chicago (\$11,929), University of Illinois-Champaign (\$15,030), Northwestern (\$13,002), and DePaul (\$9,360).

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

FISCAL YEAR 2019 INTERNAL BUDGET

Summary: Annually, the University seeks the Board's approval of the internal budget for the next fiscal year. The University will receive a State appropriation of \$83.6M in FY19 and is now bringing a balanced, internal budget recommendation to the Board for approval.

NIU's FY19 budget development process deliberately solicited input from the University community to inform this recommendation to the Board. This feedback has guided the difficult choices and critical decisions made to construct the FY19 internal budget in the context of the declining revenue from reduced state appropriations and declining enrollment. The University continues to work to diversify revenues and reduce expenses.

Background: The University submits for approval a balanced FY19 internal budget. The FY19 internal budget includes several noteworthy characteristics:

- Provides a level of funding for State appropriations at \$83.6M, up 2% over FY18 and MAP funding consistent with funding received in FY18;
- Projects new student enrollment for FY19 equal to that in FY18 and a decline in continuing student enrollment of 450 students, based on steady re-enrollment rates; the decline in continuing student enrollment is partially offset by new online and off-campus program offerings;
- Provides University funds to capital projects and deferred maintenance; and
- Accounts for additional expenses associated with increased costs of debt servicing in support of housing and dining facilities.

Increased expenses are expected in FY19 and are attributed to increased costs of debt servicing in support of housing and dining facilities, decreased revenue related to expected changes in enrollment, and a commitment of University funds to capital projects, deferred maintenance, and the FY18 salary increment program. Consistent patterns of revenue and expenses are anticipated over the next few years given current class sizes and the backlog of deferred maintenance.

Detailed Information on the FY19 Proposed University Budget

Revenues

- 1. Tuition and Fees:** All tuition, including differential tuition, course and materials fees, athletics fees, bus fees, and health service fees.
- 2. Gifts, Grants, & Contracts:** Includes on-campus scholarships, research grants and associated indirect cost pools, Pell grants, and sub-contract fees for research. Financial aid and grants are anticipating an increase of approximately \$5M in FY19.

- 3. Other Fees and Fines:** Includes parking, residential living-learning community fees, parking fines, transcript and commencement fees.
- 4. Sales:** Includes board plan and retail food sales, concessions sales, advertising/sponsorship, sales of services to off-campus entities (including, but not limited to: catering, childcare, conference services). Decrease in sales expected for FY19 is a result of portions of the Holmes Student Center going offline in support of renovations to the facility.
- 5. Rental & Room Income:** Includes room fees for residential students, rental of on-campus and off-campus meeting and conference space, hotel revenues and Northern View apartment revenues. Increase expected in FY19 is a result of increased revenue from additional conferences and events.
- 6. Gate Receipts & Commissions:** Includes athletic ticket sales, performing arts ticket sales, commissions and concert/event revenues from the Convocation Center. Increase in FY19 due to anticipated higher athletic ticket sales and event revenue at the Convocation Center.
- 7. Miscellaneous & Investment Income:** Includes athletics' game guarantees, NIU share of conference tournament revenues, rental of facilities, interest income from investments, gains and losses on disposals of fixed assets, and year-end transfers to mandated reserves in the auxiliary facilities system.
- 8. State of Illinois:** Represents the annual state appropriation to public universities.

Expenses

- 9. Cost of Sales:** Includes the cost of all items purchased for resale on campus such as food for dining units, parts and supplies to be charged out through the campus work order system, as well as paper for pay-to-print copiers and printers. Decrease due to contractual decreases in price anticipated for FY19.
- 10. Personnel Services:** Includes all salaries paid to faculty, supportive professional staff, civil service, graduate assistants, extra help and student employees. Also includes required payments for Medicare and employee health insurance. Decrease due to an increased amount of expected retirements.
- 11. Contractual Services:** Includes annual software support, subscriptions, conference registrations, non-employee travel reimbursements, service contracts, repairs & maintenance, grounds, building service work charges, speaking fees, and other arrangements with outside contractors to perform services for the University. Increase due to renovation improvements (non capitalized) at the Holmes Student Center and various deferred repairs and maintenance projects.

- 12. Travel:** Includes airfare, hotel rooms, mileage, meals (all up to limits set by the state and the University), and ancillary expenses for employees to travel to-and-from campus on official university business.
- 13. Automotive:** Includes the cost to rent cars, vans and busses from the university transportation department. Increase due to planned purchase for new vehicles.
- 14. Scholarships:** Includes scholarships awarded, including Pell Grant funds disbursed (which, when netted against Pell Grant funds received, results in zero effect on the university's cash position). Increase due to the anticipated \$5M increase in financial aid and grants for FY19.
- 15. Telecommunications:** Includes the cost of providing phone, internet and other digital services to the University.
- 16. Equipment & Library Materials:** Includes the cost of all items over \$100 with an estimated useful life of two years or more, as well as library books, journal subscriptions, manuscripts, films, music and video materials
- 17. Capital Repairs, Debt Service & Other:** Includes the cost of centralized capital repair funds, debt service payment on bonds, certificates of participation and performance contracts. Also includes refunds issued for on-campus external programming and other expenses not classified elsewhere. Increase due to higher debt service costs anticipated in FY19 as well as an increase in capital repairs.

Table 1
FY19 INTERNAL BUDGET
Summary of Budgeted Revenue by Source
(\$ in Thousands)

	FY19
University Appropriated Revenues	
General Revenue Fund	\$ 83,623
State College and University Trust ^(a)	36
Total Appropriated Fund Revenues	\$ 83,659
University Nonappropriated Revenues	
University Income Fund	148,399
Income from Auxiliary Enterprises:	
From Operations in Revenue Bond Facilities	62,035
From Operations in Other Auxiliary Enterprises	22,512
Gifts, Grants and Contracts	55,000
Foundation Support	3,343
Local Funds	49,948
Total Nonappropriated Revenues	\$ 341,238
Total Anticipated Revenues	\$ 424,897

^(a) Generated from NIU license plate registrations; expenditures are limited to both the appropriation and revenues earned.

Table 2
FY19 INTERNAL BUDGET SUMMARY BY LINE ITEM
PRELIMINARY
(\$ in Thousands)

	FY16 Actuals	FY17 Actuals	FY18 Projected Actuals*	FY19 Proposed Budget	Variance FY19-FY18
SOURCES OF OPERATING REVENUE					
Tuition & Student Fees	\$ 198,025	\$ 190,978	\$ 178,721	\$ 178,307	\$ (415)
Gifts, Grants, & Contracts	59,134	58,812	59,528	70,321	10,793
Other Fees and Fines	8,915	8,126	7,707	8,564	856
Sales	39,640	38,349	36,402	32,654	(3,748)
Rental & Room Income	34,628	31,479	30,786	32,541	1,755
Gate Receipts & Commissions	4,309	3,025	2,819	5,494	2,675
Miscellaneous & Investment Income	230	2,490	14,539	13,357	(1,182)
State of Illinois	26,424	48,316	82,020	83,659	1,640
TOTAL, OPERATING REVENUES	\$ 371,305	\$ 381,575	\$ 412,522	\$ 424,897	\$ 12,375
OPERATING EXPENSES BY LINE ITEM					
Cost of Sales	\$ 9,164	\$ 9,173	\$ 7,657	\$ 4,910	\$ (2,748)
Personnel Services	219,240	216,708	221,075	215,685	(5,390)
Contractual Services	81,481	76,096	76,668	87,581	10,913
Commodities	7,263	6,332	5,525	7,468	1,943
Travel	4,255	4,243	4,229	5,555	1,325
Automotive	1,240	1,206	1,069	1,264	195
Scholarships	53,722	47,953	56,413	58,066	1,653
Telecommunications	1,764	246	327	680	353
Equipment & Library Books	6,689	6,044	7,623	9,935	2,312
Capital Repairs, Debt Service & All Other	31,022	13,319	29,190	33,754	4,564
TOTAL, OPERATING EXPENSES	\$ 415,839	\$ 381,319	\$ 409,777	\$ 424,897	\$ 15,121
NET INCOME/(LOSS)	\$ (44,534)	\$ 256	\$ 2,745	\$ (0)	\$ (2,746)

* FY18 Projected Actuals are annualized based on actuals through March 31, 2018

Recommendation: The University recommends that the Finance, Audit, Compliance, Facilities and Operations Committee endorse this request and ask that the President forward it by means of the President's Report to the Board of Trustees for approval at its meeting on June 14, 2018.

**FISCAL YEAR 2017 EXTERNAL AUDIT
CORRECTIVE ACTION PLANS UPDATE**

As a result of FY17 audit findings, the University developed formal corrective action plans intended to strengthen internal controls and address each audit recommendation as described in the FY17 Financial Audit and Compliance Examination. Management has engaged Internal Audit to test the status of corrective action plans for FY17 material audit findings, which will play a critical role in tracking progress to date. Responsible officers have provided status updates on corrective action steps taken during the 2018 fiscal year to address material audit findings. Enclosed is a summary update on the corrective action plans that includes the finding description, audit recommendation, and associated risk as defined by the auditors. As noted in the chart below, several corrective action plans have been fully implemented or significant progress made towards full implementation. This information is current as of June 2018.

	Description of Finding	Status
Finding 2017-001	Financial Reporting Process	Partially Implemented
Finding 2017-002	Inadequate Controls over Reporting Restricted Accounts	Implemented
Finding 2017-003	Noncompliance with Debt Covenants	Implemented
Finding 2017-004	Untimely Cash Reconciliations	Implemented
Finding 2017-005	Return of Title IV Funds Errors	Implemented
Finding 2017-006	Enrollment Status Reporting	Implemented
Finding 2017-007	Outstanding Refund Checks	Implemented
Finding 2017-008	Inadequate Internal Controls over Contracts	Partially Implemented
Finding 2017-009	Failure to Submit Proper Time Reporting	Partially Implemented
Finding 2017-010	Inadequate Controls over Property and Equipment	Implemented
Finding 2017-011	Noncompliance with the Higher Education Veterans Service Act	Implemented
Finding 2017-012	Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File	Implemented
Finding 2017-013	Noncompliance with the Open Meetings Act	Implemented
Finding 2017-014	Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems	Partially Implemented

Barriers that limit full implementation include limited information technology, financial and staff resources, staff turnover, and increased workflows. In addition, the FY17 financial and compliance audit results were not available until February 2018 and March 2018, respectively, which reduced the amount of lead time available to implement all corrective actions by June 30, 2018.

The University is committed to instituting corrective actions and continuous improvement that will affect positive change, increase accountability and foster good stewardship over University resources. To this note, a central Compliance Office function is under development that will assist the University campus in ensuring its activities comply with the laws, regulations and policies that govern the University, and adheres to the highest legal, professional, and ethical standards.

FY17 FINDINGS AND CORRECTIVE ACTIONS

The summary update below includes the finding description, audit recommendation, and associated risk as defined by the auditors. University comments on implementation status follows. This information is current as of June 2018.

Finding 2017-001: Financial Reporting Process

Definition: University internal controls over financial reporting are not sufficient to prevent material misstatements. Auditor recommended the University improve controls over financial reporting to ensure accurate presentation and disclosure of the University's annual financial statements. (Repeat finding since 2011)

Risk: Delays completion of the audit process and the timely release of the University's financial reports to users. Could lead to significant reporting inaccuracies in the financial statements.

Recommendation Status: Partially Implemented

Comments: The Office of the Controller adopted a low cost technology during third quarter of FY17 that streamlined the reporting process. This solution shortened the timeframe for capturing, summarizing, and reporting unstructured data, which increased the time to perform data analytics to identify unusual trends as indicators of potential financial misstatements. The unit however has experienced employee turnover in several critical management positions that may delay full implementation of the corrective action plan in the current fiscal year.

The following corrective actions are required for full implementation of the audit recommendation: finalize recruitment efforts and training for a Financial Reporting Manager, initiate recruitment efforts for a Deputy Controller and Controller; and procure external resources to perform various elements of the corrective action plan.

Finding 2017-002: Inadequate Control over Reporting Restricted Accounts

Definition: University did not ensure restrictions imposed through revenue bond covenants were properly reflected within its financial statements. Auditor recommended the University review its internal controls over financial reporting to ensure accounts are properly classified.

Risk: Results in a material misstatement of the University's financial statements and reduces the overall reliability of Statewide financial reporting.

Recommendation Status: Implemented

Comments: The Office of the Controller updated its procedures for financial statement preparation to appropriately address this audit finding in the current fiscal year. This finding should not repeat.

Finding 2017-003: Noncompliance with Debt Covenants

Definition: University did not comply with its revenue bond covenants. Auditor recommended University review its bond covenant compliance on a routine basis to prevent and detect instances of noncompliance.

Risk: Noncompliance with University's revenue bond covenants.

Recommendation Status: Implemented

Comments: The Office of the Controller updated its procedures for financial statement preparation to adequately address this audit finding in the short term. This finding should not repeat.

However, the following long-term corrective action item is under development: revamp the current various systems set-up to record the Public Private Partnership as a separate fund to clearly segregate its activities from the University's auxiliary facilities system activities. This effort requires the collaboration of several campus units. This activity will be implemented as information technology and staff resources are available.

Finding 2017-004: Untimely Cash Reconciliations

Definition: University monthly reconciliation for cash accounts were not prepared and reviewed on a timely basis. Auditor recommended the University establish and maintain internal controls to ensure the timely preparation and review of all cash reconciliations.

Risk: Delay the detection and correction of inaccurate account balances and adversely affect the usefulness of financial reports.

Recommendation Status: Implemented

Comments: The Office of the Controller implemented a complete redesign of the cash reconciliation process that has reduced inefficiencies and increased clarity of the data. A staff position was finalized and workloads have been leveled to yield enhancement to the quality and timeliness of the work product.

Finding 2017-005: Return of Title IV Funds Errors

Definition: University did not accurately calculate amounts due back to the U.S. Department of Education. Auditor recommended the University establish and maintain internal controls to ensure Title IV fund calculations are performed accurately and the proper amount of refunds is returned to the U.S. Department of Education.

Risk: University returning funds in excess of the amounts required.

Recommendation Status: Implemented

Comments: Financial Aid and Scholarship Office took immediate action to update its policies and procedures, implement a review process, and to retrain staff.

Finding 2017-006: Enrollment Status Reporting

Definition: University did not complete enrollment status reporting to the U.S. Department of Education accurately and in a timely manner. Auditor recommended the University establish and maintain internal controls to ensure enrollment status reporting is complete, accurate, and performed in a timely manner.

Risk: Students do not properly enter the loan repayment period.

Recommendation Status: Implemented

Comments: The Office of Registration and Records has updated its processes, reports, and operating procedures for enrollment reporting to National Student Loan Data System (NSLDS) in accordance with U.S. Department of Education regulations.

Finding 2017-007: Outstanding Refund Checks

Definition: University did not comply with regulations regarding outstanding refund checks. Auditor recommended the University establish and maintain internal controls to ensure outstanding refund checks are returned to the U.S. Department of Education in accordance with program regulations.

Risk: Noncompliance with federal regulations and may jeopardize future federal funding.

Recommendation Status: Implemented

Comments: Bursar's Office took immediate action to return questioned costs to the U.S. Department of Education. In addition, a short-term strategy has been implemented to redesign the current process, update policies and procedures, and retrain staff.

However, the following long-term corrective action item is under development: revamp the current system set-up to utilize functionality within the Student Record and Financial Management systems to better track outstanding and voided student refund checks between the two systems. This effort requires the collaboration of several campus units. This activity will be implemented as information technology and staff resources are available.

Finding 2017-008: Inadequate Internal Controls over Contracts

Definition: University has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable State requirements. Auditor recommended the University establish and maintain internal control procedures to ensure contracts are complete and properly approved prior to performance.

Risk: Noncompliance with State statutes and regulations, leaves the University vulnerable to unnecessary liabilities and potential legal problems, and procuring goods or services at a higher rate than would have been otherwise paid.

Recommendation Status: Partially Implemented

Comments: Procurement Services and Contract Management has constructed multiple pathways to remediate the audit finding that includes retooling existing operating activities, introducing new operating practices, employee training, and increased cross campus collaboration. The department will continue to educate campus departments through direct communications, training, reminders, and through its website. In addition, the department is creating vendor awareness and reminders through the workflow process, to mitigate performance prior to purchase order.

The following corrective actions items are under development: enterprise-wide electronic workflow system design and implementation; and a new qualification based selection contract policy that applies to

architecture and engineering services to ensure complete evaluation material has been development and is pending final review and implementation. These activities will be implemented as information technology and staff resources are available.

Finding 2017-009: Failure to Submit Proper Time Reporting

Definition: University did not require all employees to submit time sheets as required by the State Officials and Employees Ethics Act. Auditor recommended the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act.

Risk: Lack of complete documentation of time spent by faculty and graduate assistants on official state business as contemplated by the Act.

Recommendation Status: Partially Implemented

Comments: Human Resources Services has completed a process design and technical solution to provide the infrastructure in support of faculty time reporting. Efforts are underway to determine an effective solution for graduate assistants due to their unique contract status. In addition, collective bargaining negotiations with faculty are ongoing and results will influence implementation of our plans.

Finding 2017-010: Inadequate Controls over Property and Equipment

Definition: University did not fully comply with requirements applicable to its property and equipment. Auditors recommended University continue to strengthen its internal controls over the accountability of University property.

Risk: Lack of accountability, inaccurate accounting records, unnecessary equipment expenditures with University or State funds.

Recommendation Status: Implemented

Comments: Property Control has constructed multiple pathways addressing the issue of inadequate controls over property and equipment that includes retooling existing operating activities, revisions to existing operating procedures, new operating practices, and increased cross campus collaboration. The unit has incorporated into existing procedures an attestation statement from campus wide stakeholders as to the completeness of the physical inventory count under their purview. In addition, procedures for equipment transfers and reporting of missing equipment inventories have been implemented as a measure for tracking performance and accountability.

Finding 2017-011: Non-compliance with Higher Education Veterans Services Act

Definition: University did not fully comply with the Higher Education Veterans Service Act. Auditor recommended the University submit the fiscal impact report to the Illinois Board of Higher Education in compliance with the Act.

Risk: Noncompliance with the Act.

Recommendation Status: Implemented

Comments: The fiscal impact report due in September 2017 for FY18 was submitted on time. This finding

should not repeat in the current fiscal year.

The Office of Military and Post-Traditional Student Services has taken additional action to develop procedures to annually post the latest available Fiscal Survey on the Military Science webpage, and update orientation material to ensure all components of the Fiscal Survey information is provided to student veterans at each orientation session in accordance with the Act.

Finding 2017-012: Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File

Definition: University has inadequate internal controls in place to monitor and maintain the accounts payable master vendor file. Auditor recommended the University review and enhance internal controls to appropriately monitor and maintain the accounts payable master vendor file.

Risk: Unauthorized vendor payment, fraud, and/or loss of funds.

Recommendation Status: Implemented

Comments: The Office of the Controller has implemented corrective action to address the issue of inadequate procedures over maintenance of vendor master file that includes collaboration with the Division of Information Technology to develop an automated program that will archive and inactivate vendors on an annual basis based on defined set of rules. In addition, vendors with multiple addresses are being targeted for electronic payment set-up. This finding should not repeat during the current fiscal year.

Finding 2017-013: Noncompliance with the Open Meetings Act

Definition: University violated the requirements of the Illinois Open Meetings Act. Auditor recommended the University provide sufficient detail within agendas provided in advance of meetings of the Board of Trustees and various committees.

Risk: Noncompliance with the Act.

Recommendation Status: Implemented

Comments: The Office of the General Counsel has addressed this finding. The audit issue identified by recent Court's Order and Decision on December 1, 2017 was promptly corrected by the Board of Trustees on December 7, 2017. In addition, this was a unique situation that is not anticipated to occur again, as recent amendments to the NIU Law regarding presidential employment contracts will be applicable in the future. This finding should not repeat during the current fiscal year.

Finding 2017-014: Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems

Definition: University did not adequately plan for the recovery of its applications and data. Auditor recommended the University review and update its disaster recovery plan (DRP) at least annually or when significant changes occur; perform and document tests of its disaster recovery plan at least once a year; continuously update the disaster recovery plan to reflect environmental changes and address any weaknesses identified from tests.

Risk: Exposure to possible major disruptions of services.

Recommendation Status: Partially Implemented

Comments: The Division of Information Technology has conducted a comprehensive review of each component of this finding. A team has been defined to review the current DRP and the following corrective actions are under development: preparation of a list of recommended updates to the DRP, approval of the recommended updates, and preparation and execution of test plans. Full implementation of the corrective action plan is anticipated by fourth quarter of 2018.

PRIOR FINDINGS NOT REPEATED

Finding 2016-002: Inadequate Controls over Compensated Absences Data

Auditor Comments:

In the current year, we noted management adjusted its process to accumulate compensated absences data during the preparation of the fiscal year 2017 financial statement and there were no exceptions noted during our sample testing over account balances related to compensated absences.

Finding 2016-004: Inadequate Control over Cash Receipts and Accounts Receivable Recording and Reporting Processes

Auditor Comments:

In the current year, the number of exceptions was significantly less than prior year. This finding has been reported in the immaterial findings letter.

Finding 2016-005: Voucher Processing

Auditor Comments:

In the current year, the number of exceptions was significantly less than the prior year. This finding has been reported in the immaterial findings letter.

Finding 2016-006: Non-compliance with Board of Higher Education Act

Auditor Comments:

In the current year, similar instances of noncompliance were not noted.

Finding 2016-007: Non-compliance with Illinois Pension Code

Auditor Comments:

In the current year, we noted the University incorporated a manual reconciliation process to address the issue noted in the prior year and similar exceptions were not identified in the sample tested.

Finding 2016-008: Non-compliance with FOIA and State Records Retention Acts

Auditor Comments:

In the current year, similar exceptions were not identified in the sample tested.

Finding 2016-010: Procurement Card Use

Auditor Comments:

In the current year, the number of exceptions was significantly less than the prior year. This finding has been reported in the immaterial findings letter.