

**Northern Illinois University**  
**A Component Unit of the State of Illinois**

Report Required under *Government Auditing Standards*  
For the Year Ended June 30, 2025

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

**Northern Illinois University  
A Component Unit of the State of Illinois**

**Report Required Under *Government Auditing Standards*  
For the Year Ended June 30, 2025**

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**Other Reports Issued Under a Separate Cover**

Northern Illinois University's Federal Single Audit and State Compliance Examination for the year ended June 30, 2025 will be issued under a separate cover. Additionally, the University's financial statements as of and for the year ended June 30, 2025 have been issued under a separate cover.

**Northern Illinois University  
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For the Year Ended June 30, 2025**

**UNIVERSITY OFFICIALS**

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President	Lisa C. Freeman
Executive Vice President and Provost	Laurie Elish-Piper
Vice President for Administration and Finance and Chief Financial Officer	George Middlemist
Vice President for Research and Innovation Partnerships	Richard Mocarski
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 (through 6/30/25)	Catherine Squires
Vice President for Philanthropy and Alumni Engagement (7/1/25 to present)	Ray Earl-Jackson
Director of Internal Audit (through 8/31/24)	Danielle Schultz
Internal Audit Volunteer Agreement for Interim Period / Assistant Director of Internal Audit (9/1/24 to 9/30/24)	Daniel Schultz / Natalie Hoyt
Executive Director of Internal Audit and Chief Internal Auditor (10/1/24 to present)	Christine Monteiro

**Financial Management**

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

**NIU Board Members**

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Chair	Montel Gayles
Vice Chair	John R. Butler
Secretary	Rita Athas
Trustees	Eric Wasowicz Dennis L. Barsema Veronica Herrero Leland Strom
Student Trustee (7/1/24 to 6/30/25)	Aidan O'Brien
Student Trustee (7/1/25 to present)	James Innis

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

**Northern Illinois University  
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For the Year Ended June 30, 2025**

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**Summary**

The audit of the financial statements of Northern Illinois University (University) was performed by RSM US LLP in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements, issued under a separate cover.

**Summary of Findings**

The auditors identified two matters involving the University's internal control over financial reporting that they considered to be material weaknesses.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2025-001	5	New	Inadequate Internal Controls Over Census Data	Material Weakness
2025-002	8	New	Inadequate Controls Over User Access	Material Weakness
<b>Prior Findings Not Repeated</b>				
A	9	2024/2023	Financial Statement Errors	
B	9	2024/2023	Leases and SBITA Errors	

**Exit Conference**

This report was discussed with University personnel at an exit conference on February 17, 2026. Attending were: George Middlemist - Vice President for Administration and Finance and Chief Financial Officer, Greg Martyn – University Deputy Controller, Jason Askin - University Controller, Kathy Marshall - University Financial Reporting Manager, José Roa - OAG Audit Manager, Kelly Kirkman - RSM Partner, Ronnie Christopher - RSM Senior Manager, and Natalie White – RSM Supervisor.

The responses to the recommendations were provided by Jason Askin, Controller, via email correspondence on February 13, 2026.

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Northern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Northern Illinois University (the University), a component unit of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 18, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Northern Illinois University Foundation and the Northern Illinois Research Foundation (collectively "component units"), as described in our report on the University's financial statements. The financial statements of the component units were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these component units or that are reported on separately by those auditors who audited the financial statements of the component units.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2025-001 and 2025-002 that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **The University's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### **Purpose of This Report**

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

**SIGNED ORIGINAL ON FILE**

Schaumburg, Illinois  
February 18, 2026

**Northern Illinois University  
A Component Unit of the State of Illinois**

**Report Required Under *Government Auditing Standards*  
Schedule of Findings  
For the Year Ended June 30, 2025**

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**Finding 2025-001      Inadequate Internal Controls Over Census Data**

The Northern Illinois University (University) did not have adequate internal control over reporting its census data to provide assurance that the census data submitted to the State Universities Retirement System (System) and State Employees' Group Insurance Program (Plan) 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 other postemployment benefit (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 valuations (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 pension plan administered by the System and the Plan 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 the System, along with census data for other participating members provided by the State's four other pension systems, to prepare their projection of the liabilities of the Plan. Finally, the System's actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2023 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2024, which is incorporated into the University's Fiscal Year 2025 financial statements.

During the performance of the census examination, the auditors noted the following:

- While the University had performed an initial complete reconciliation of its census data recorded by the System to its internal records, the University had not fully developed a process to annually obtain from the System the incremental changes recorded by the System in the census data records and reconcile these changes back to the University's internal supporting records.
- During cut-off testing of data transmitted by the University to the System, the auditors identified the following events were reported to the System after the close of the fiscal year in which the event occurred, resulting in inaccurate member status (active or inactive) as of fiscal year-end.
  - o Two new employee hires
  - o One employee going on a leave of absence
  - o Forty-nine employee terminations

The result of the errors above led to contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

**Northern Illinois University  
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Schedule of Findings  
For the Year Ended June 30, 2025**

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**Finding 2025-001      Inadequate Internal Controls Over Census Data (continued)**

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

Additionally, eligibility criteria for participation in the System 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 the System. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less, and is:

1. Not a student employed on a less than full-time temporary basis;
2. Not receiving a retirement or disability annuity from the System;
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 the System's disability benefits;
6. Not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hire 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 the System electing to exclude these persons from the definition of employee;
10. Currently on lay-off status of not more than 120 days after the lay-off date;
11. Not on an absence without pay of more than 30 days; and
12. A nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the 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 the System, 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 the System. Further, the Code (40 ILCS 5/15-155(b)) requires the University to remit employer contributions to the System reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, we noted participation in the OPEB is derivative of an employee's eligibility to participate in the System, as members of the System participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

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**Finding 2025-001      Inadequate Internal Controls Over Census Data (continued)**

University officials indicated that the exceptions occurred due to untimely notification of an employee's separation to Human Resource Services. This resulted in delays in processing status changes for employees separating from the University at the end of the fiscal year. The reconciliation of incremental changes was a project initiated by the System. The University was asked to complete it without the ability to plan for the increased capacity and already has been operating with acute staffing constraints. Given these constraints, the project has taken longer than anticipated.

Failure to ensure that complete and accurate census data, as well as employee and employer contributions are reported to the System and the State reduces the overall reliability of the pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 2025-001, 2023-001, 2022-001, 2021-001)

**Recommendation:**

We recommend the University continue to work with the System to establish the process of annually obtaining from the System the incremental changes recorded in the census data records and reconcile these changes back to the University's internal supporting records. If differences are noted between the University's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Further, we recommend the University strengthen controls to ensure all events occurring within the census data accumulation year are reported timely to the System so these events can be incorporated into the census data utilized in the annual actuarial valuation process

**University Response:**

Accepted. The University will incorporate the need for timely notifications of temporary employees not returning to work to Human Resources in upcoming supervisor training sessions and Human Resource Services' official reminders of business procedures. The University will also explore the option of automating the termination of temporary employees at the end of their contract period. University has developed a process to annually obtain from the System the incremental changes recorded by the System in the census data records and has reconciled these changes back to the University's internal supporting records. The outstanding reconciliations of incremental changes were all completed by May 30, 2025.

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**Finding 2025-002      Inadequate Controls Over User Access**

The Northern Illinois University (University) did not implement or enforce adequate internal controls over users' access to its Financial Management System.

We noted the University has not developed a policy requiring reviews of individual access rights on at least an annual basis.

Additionally, for 2 of 14 terminated users (14%) tested, access was not removed within 2 days as required per University policy. Access for both users was removed 10 days late.

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 and ensure access is appropriate and timely terminated, and access reviews are conducted periodically. Additionally, the University's System Access and Security Policy documents users are required to be removed within 48 hours of their termination date.

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 controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

University officials stated that the exceptions occurred due to untimely notification of an employee's separation to Human Resource Services (HRS) resulting in delays in processing status changes for employees separating from the University at the end of the fiscal year. The University recognizes that there was not previously a uniform method for notifying HRS in a timely manner about employee separations. Current policies and processes do not address an annual review.

Failure to implement or enforce adequate internal controls over users' access and perform periodic reviews could result in unauthorized access and manipulation of data. (Finding Code No. 2025-002).

**Recommendation:**

We recommend the University perform at least annual user access reviews and ensure timely access removal for separated employees.

**University Response:**

Accepted. The University will formalize and implement a policy requiring annual user access reviews for the Financial Management System. Additionally, while access provisioning and termination procedures are established within the University's System Access and Security Policy, the University has reinforced procedures for timely notification of employee separations. This includes clarifying departmental responsibilities, reinforcing required timelines, and improving coordination between departments regarding employee separations.

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Schedule of Findings  
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**Prior Findings Not Repeated**

A. Financial Statement Errors

During the prior audit, the University did not properly adjust its financial statements for certain transactions.

During the current audit, our sample testing did not identify similar errors. (Finding Code No. 2024-001, 2023-002)

B. Leases and SBITA Errors

During the prior audit, the University incorrectly recorded certain agreements which met the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA).

During the current audit, we did not find similar errors with the recording of leases and SBITAs for selections tested. (Finding Code No. 2024-002, 2023-003)