



President's Report

to the
Board of Trustees

February 15, 2024



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**ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23
INTERNAL AUDIT DEPARTMENT ANNUAL REPORT**

This report is confidential to the President and Trustees but requires Board acknowledgement.

Recommended Action

I request that the Board approve the Audit Committee's recommendation to Accept and File the FY23 Internal Audit Department Annual Report as presented.

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE
INTERNAL AUDITING CHARTER**



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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 mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles of the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* and the definition of Internal Auditing. 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 Code of Ethics and 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.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23-24 INTERNAL AUDITING CHARTER

Internal Auditing Charter

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.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23-24 INTERNAL AUDITING CHARTER

Internal Auditing Charter

- 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 IIA's Code of Ethics and 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

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23-24 INTERNAL AUDITING CHARTER

Internal Auditing Charter

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*.

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23-24
INTERNAL AUDITING CHARTER**

Internal Auditing Charter

- o 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* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. 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



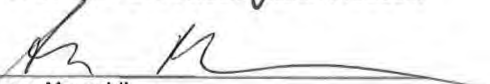
Chrystal D. Temples, Director of Internal Auditing

9/28/2023
Date



Dr. Katrina E. Bell-Jordan, Interim President

9/28/23
Date



Anna Meresidis
Board of Trustees, Audit Committee Chair

11/15/23
Date

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY23-24
INTERNAL AUDITING CHARTER**

Recommended Action

I request that the Board approve the Audit Committee's recommendation to Accept and File the FY2023-24 Internal Auditing Charter as presented.

**ACTION ITEM I. C. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE FY24-25
INTERNAL AUDIT PLAN**

Recommended Action

I request that the Board approve the Audit Committee's recommendation to Accept and File the FY24-25 Internal Audit Plan as revised and signed on January 18, 2024.


ACTION ITEM I. D. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE STATEMENT OF AUDITOR INDEPENDENCE



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MEMORANDUM

DATE: September 29, 2023
TO: Dr. Katrina Bell-Jordan, Interim President
FROM: Christy Temples, Director of Internal Auditing 
CC: Anna Meresidis, Board of Trustees, Audit Committee Chair
Manish Kumar, Vice President for Finance and Administration
SUBJECT: Auditor Independence Statement

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.

**ACTION ITEM I. D. APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE STATEMENT
OF AUDITOR INDEPENDENCE**

Recommended Action

I request that the Board approve the Audit Committee's recommendation to Accept and File the Statement of Auditor Independence as presented.

INFORMATION ITEM II. A. STATUS OF FY22 EXTERNAL AUDIT FINDINGS

President's Report to the Board of Trustees of Northeastern Illinois University
 February 15, 2024

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INFORMATION ITEM II. A: STATUS OF FY22 EXTERNAL AUDIT FINDINGS

The University's 2022 Single Audit and Compliance Examination was released by the Illinois Office of Auditor General May 25, 2023.

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 2022 material findings:

- NEIU had 12 material audit findings
- 8 of 12 findings were repeated findings
- 7 of 12 findings have been reported as addressed
- 2 findings are in progress
- 3 will appear in the FY2023 reports

#	Previous	Finding	Status	Expected Completion
001	2020, 2021	Inadequate Internal Controls over Census Data	With the launch of Workday in April 2023, an address change report (PZADDR) was built to provide easy access to the benefits team. The report is generated every two weeks.	Complete
002	2017,2021	Weaknesses over Computer Security	UTS has instituted a standard business process for decommissioning legacy operations and a standard business process for enabling hard disk encryption on laptops. They've also established IT Change Management process and procedures. UTS continues to review user access to applications and the network.	8/30/24
003	2019, 2021	Lack of Adequate Controls over Review of Internal Controls over Service Providers	UTS is maintaining an updated list of IT Service Providers, using the SOC review template to review SOC reports, and is	Complete

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INFORMATION ITEM II. A.: STATUS OF FY22 EXTERNAL AUDIT FINDINGS PROGRESS REPORT

#	Previous	Finding	Status	Expected Completion
			monitoring IT service providers for performance, problems and compliance with contract agreements.	
004		Lack of Adequate Reviews over year end Reports and Reconciliations	The Controller's Office hired a Chief Accountant in FY 2023 to help with year-end reconciliation and report close process. However, due to various implementations, we are expecting this finding to be repeated in FY 2023.	6/30/24
005	2020, 2021	Noncompliance with Grant Report Requirements	The Grants and Contracts Office will continue to review for funding agency websites to ensure reports are up to date with changes in reporting requirements. The published reports will be revised to meet the requirements of the funding agency. The Grants and Contracts Office will continue to ensure reports will be submitted and published as required by the funding agency in a timely manner.	6/30/24
006		Insufficient Controls over Expenses Charged to TRIO Grant	Principal Investigator and the Grants and Contracts Office instituted a review of expenditures charged to the grant to ensure expenses are allowable within federal requirements and grant agreement.	Complete
007		Insufficient Controls over Payroll Charged to Research Grant	Relevant units are consulted to ensure submission of accurate timesheets while awaiting official communication from the funder. Additionally, meetings are established within seven (7) business days	Complete

INFORMATION ITEM II. A. STATUS OF FY22 EXTERNAL AUDIT FINDINGS

President's Report to the Board of Trustees of Northeastern Illinois University
 February 15, 2024

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INFORMATION ITEM II. A.: STATUS OF FY22 EXTERNAL AUDIT FINDINGS PROGRESS REPORT

#	Previous	Finding	Status	Expected Completion
			after the NIH PO/GMS initial review of the carry-forward request.	
008	2019, 2021	Weaknesses in Cybersecurity Programs and Practices	UTS established a project management framework, a data governance process. Additionally, UTS periodically reviews and reports on cybersecurity risks via the risk register.	Complete
009	2013, 2021	Lack of Disaster Contingency Plan	UTS established and tested a disaster contingency plan.	Complete
010	2018, 2021	Inadequate Controls over University Property and Equipment	A new inventory database was implemented to improve processes and make assets more visible, using RFID technology (tags and readers). Initial training upon use of the new database is complete. Additionally, policy was updated to align with changes to the process. Cleaning and updating of asset data continues.	5/31/24
011		Noncompliance with the Fiscal Control and Internal Auditing Act	The University hired a Director of Internal Audit in September 2023. However, due to lack of internal audit coverage until September 2023, this finding will repeat in FY2023.	6/30/24
012	2018, 2021	Weakness Regarding Clearing of Data from Electronic Devices	UTS worked with Property Control to establish a policy and procedure for ensuring data is removed from removable media before reuse or destruction.	Complete

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT



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MEMO

Date: February 6, 2024

To: Katrina E. Bell-Jordan, Interim President

From: Manish Kumar, Vice President for Finance and Administration

Re: Financial Reporting and Forecasting

Northeastern Illinois University (University) has always upheld a strong commitment to transparency and integrity as we strive to deliver quality education and foster a trusting relationship with our students, faculty, staff, and the broader community. We demonstrate this commitment through our reporting methods and by following the best practices recommended by the National Association of College and University Business Officers (NACUBO) for financial reporting, and in the way, we conduct our business processes within the University. In addition, to ensure accountability, regulatory compliance, and the accuracy of our financial information, the University undergoes both internal and external audits on an annual basis. These audits serve as a mechanism to uphold financial integrity and protect the interests of our stakeholders.

Based on the recent request from the Board of Trustees (BOT), the Budget Office reports budget-to-actual data on a quarterly basis and analyzes significant variations in revenues and expenses, providing detailed explanations and overall commentary to the Board four times a year (quarterly). In the quarterly reports the commentary is provided in memo form as an information item, summary data is provided in Table 1 and starting with Q2 of FY2024 variance explanations and the credit hour enrollment data have been added. A copy of Table 1 for Quarter 2 of FY2024, variance explanation, and credit hour enrollment data is included in the Appendix.¹

In response to the additional request from the Finance, Buildings and Grounds (FBG) Committee of the BOT, the current reporting is expanded to include a financial forecast for the unrestricted operating budget, as outlined in Table 2. The financial forecast builds upon the existing quarterly reporting and presentation structure of the budget-to-actual reports and incorporates separate forecasts for revenues and expenses. The revenue forecast is forward-looking and based on existing models used to build the University's operating budget. The expense forecast is based on average historical spending by category and utilized data from the past five years. Additionally, the historical forecast is adjusted to account for new initiatives/funding sources, any anticipated new spending, and current commitments/encumbrances. The February 15, 2024 budget presentation incorporates a new budget adjustment column to report net transfers between budget lines that occur throughout the fiscal year. *It is important to note that a budget adjustment does not change the Board-approved budget of \$85.3 million for the unrestricted operating budget, instead the budget adjustment shifts the budget from an area with available funding to an area with a funding need.*

Moreover, the University has several processes and procedures that are currently in place to manage the budget. These measures should be kept in mind when reviewing the budget reports.

¹ See the "Table 1" and "FY24 Q2 vs FY23 Q2 Actuals, Internal notes" in the appendix.

CC: J. Todd Phillips, Chair of the Finance, Building, and Grounds Committee and Secretary of the Board of Trustees

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

Business Management Processes

1. The data related to budgets and actuals (expenses and revenue) are available directly from Banner and through Cognos, which is a system that extends the reporting capabilities of Banner.
2. Monthly financial reports are regularly sent to the President and Vice Presidents, ensuring transparency and awareness of the budget status.
3. University units/departments have access to their budget, year-to-date expenses, and encumbrances through Banner extender, except for Payroll.
 - o Payroll encumbrances are not currently directly accessible for units/departments. The current Workday delivered calculation requires adjustments and considerations and if this information is required, departments can coordinate with the Budget Office for assistance. Opportunity for improvements to the Workday delivered calculation have been identified. Once put in place, the University will be in a position to make this data available to the University.
4. Procurement controls exist to prevent requisitions (purchases) without sufficient budget availability, minimizing the risk of overspending.
5. Budget adjustment requests undergo an approval process, which includes review and authorization from the Budget Office. This ensures responsible financial management and prevents unauthorized shifts in funds. Additionally, restrictions exist that prevent budget transfers between the unrestricted and the restricted operating budgets.
6. New payroll positions need to be approved by the Budget Office and the Vice President of Finance and Administration, ensuring that additional personnel expenses are aligned with the budget.
7. The reporting and tracking of expenditures (actuals) are reviewed by external auditors each year, including a review of year-over-year changes in spending.

In addition to the current processes and procedures, further considerations are highlighted below related to the requested discussion topics by the FBG Committee of the BOT:

Additional Budget Processes/Considerations

Grants: In partnership with the Budget Office, Grant Accounting (Controller's Office), oversees the accounting and financial management of grants and contracts including budget set-up, budget transfers, etc. All grant-related transactions are maintained and recorded in Banner. Grants present a unique challenge from a reporting perspective, due to the following factors:

- a. Grant spending is strictly regulated based on the approved grant guidelines, with a high degree of oversight provided by the granting agency. Any modifications to the approved grant budget may necessitate approval from the granting agency to ensure compliance.
- b. Grant Year vs Fiscal Year: Grant programs often operate on different cycles from the University's fiscal year. The fiscal year for the grant program will often start on the award date but not end until one-year after the award date, resulting in the grant award crossing fiscal years. This means any reporting must make assumptions about the allocation of the award across fiscal years, without the ability to be informed by historical spending patterns.

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

- c. Award or Funding levels: Grant funding levels can change and fluctuate over time. Funding may be reduced, increased, or discontinued altogether and any significant variance would need to be articulated and accounted for with respect to each impacted grant.
- d. Extensions: Often grants will either allow unspent funds to be rolled over to the next grant period or the grant will allow the awardee to seek a no-cost extension to allow for use of remaining grant funds.

Reporting of Expenses. All University expenses are recorded and tracked in Banner for each combination of Fund, Organization (roughly equivalent to a Department), Account (type of expense) and Program (purpose of expense). This gives the University a high degree of flexibility in the reporting of revenue and expenses.

- a. The current level of detail reported in the quarterly is based on the current directive from the BOT and is consistent with the line-item detail used in the financial statements.
- b. During the approval of the preliminary and final operating budgets, anticipated or budget expenses are also reported based on the NACUBO functional categories (Instruction, Organized Research, Public Services, etc.).
- c. New to FY2025 will be the direct reporting of tuition waivers. Currently, tuition waivers are reported indirectly through the calculation of net tuition revenue. In FY2025, the plan is to report tuition waivers in the preliminary and final operating budgets but also in the quarterly reports.
- d. An additional topic for discussion regarding the current directive from the BOT is whether quarterly reporting is appropriate or if reporting at a different frequency would be more informative to the BOT. For example, a shift to reporting after the Fall census, after the Spring census and at the end of the FY (June/July).

Budget adjustments. In the current quarterly reporting structure, budget adjustments are reported indirectly via the "Adjusted Budget" column of Table 1, which includes a note that the "Adjusted Budget reflects net budget transfers processed between organizations and accounts." This is primarily to save space in Table 1, which already includes a high degree of information. In the proposed Table 2, a column is added for "Budget Adjustments" which reports net transfers from a given area directly.

- a. Budget Adjustment vs Reclassification of Expense. In a budget adjustment, funding is transferred from one area with available budget to another area with a funding need. This is different than a reclassification of an expense. When an expense is reclassified, it is basically charged to a different area. For example, an expense that was charged to the Unrestricted operating budget may be moved and charged to a grant instead.
- b. An example of a reclassification can be seen with respect to the Pell 55 grant and the related budget. For the Pell 55 funding, the University plans to charge planned or existing expenses to the grant. Of these expenses, \$1,939,444 were previously budgeted on the unrestricted operating budget. By charging the expenses to the grant, this lowers the forecasted expenditures. If new initiatives are approved the forecast will be updated. In the event that new initiatives are not funded in this fiscal year, the reduced spending would increase the amount deposited in the reserves via an increased operating surplus.
- c. The full budget breakdown for the Pell 55 grant is found in the Appendix.

Expense forecast - The "Table 2" table in the Appendix includes considerations for the reclassification of expenses for the Pell 55 grant and the anticipated cost of implementing the Paid Leave For All Workers (PLFAW) mandate.

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

Table 1
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL YEAR 2024 BUDGET TO ACTUAL COMPARISONS
 FOR THE PERIOD ENDED DECEMBER 31, 2023
 UNAUDITED FIGURES

	FY2022			FY2023			FY2024 Q2					FY24 vs FY23
	Adopted Budget	FY22 Actual YTD	% of Budget	Adopted Budget	FY23 Actual YTD	% of Budget	Adopted Budget	Adjusted Budget	Actual Year to Date	% of Current Budget		
Revenue												
State Appropriations	\$ 35,566,900	\$ 29,289,468	82.4%	\$ 37,345,300	\$ 29,428,376	78.8%	\$ 39,960,000	\$ 39,960,000	\$ 27,478,656	68.8%	\$ (1,949,720)	{A}
Net Tuition Revenue	50,780,200	41,046,355	80.8	42,172,200	37,506,753	88.9%	41,874,400	41,874,400	22,103,408	52.8	(15,403,345)	{B}
Net Differential Tuition Revenue	692,000	691,062	99.9	972,400	654,266	67.3%	689,000	689,000	399,730	58.0	(254,536)	{B}
Investment income	400,000	10,653	2.7	1,000,000	1,068,347	106.8%	2,276,600	2,276,600	2,154,848	94.7	1,086,501	{C}
All other sources	2,788,700	306,728	11.0	2,450,100	90,001	3.7%	500,000	500,000	363,314	72.7	273,313	
Total Revenue	\$ 90,227,800	\$ 71,344,267	79.1%	\$ 83,940,000	\$ 68,747,743	81.9%	\$ 85,300,000	\$ 85,300,000	\$ 52,499,955	61.5%	\$ (16,247,787)	
Expenditures												
Personnel Services	\$ 71,378,700	\$ 32,774,819	45.9%	\$ 67,142,441	\$ 29,326,735	43.7%	\$ 67,901,380	\$ 68,186,762	\$ 30,951,015	45.4%	\$ 1,624,281	{D}
Contractual Services	13,113,300	3,712,237	28.3	11,208,876	3,659,769	32.7%	14,631,783	14,176,388	4,443,108	31.3	783,339	{E}
<i>BOT Reserve Allocation</i>	-	-	-	-	-	-	(2,500,000)	(2,500,000)	-	-	-	
Equipment	844,996	21,862	2.6	846,410	120,946	14.3%	431,986	588,590	101,140	17.2	(19,806)	
Commodities	840,300	143,651	17.1	775,075	151,665	19.6%	807,401	766,705	234,893	30.6	83,227	
Telecommunications	236,300	42,621	18.0	176,422	49,785	28.2%	176,700	176,900	31,279	17.7	(18,506)	
Travel	188,300	10,259	5.4	168,841	40,263	23.8%	197,750	236,741	57,380	24.2	17,117	
Permanent Improvements	49,600	-	-	25,000	-	0.0%	25,000	23,834	-	-	-	
Operation of Auto Equip	21,304	8,711	40.9	20,935	14,009	66.9%	21,000	37,080	14,009	37.8	-	
Tuition Scholarships	1,322,000	587,999	44.5	1,299,000	657,502	50.6%	1,299,000	1,299,000	639,821	49.3	(17,681)	
Debt Service	2,233,000	1,116,500	50.0	2,277,000	1,131,903	49.7%	2,308,000	2,308,000	1,150,208	49.8	18,305	
Total Expenditures	\$ 90,227,800	\$ 38,418,658	42.6%	\$ 83,940,000	\$ 35,152,577	41.9%	\$ 85,300,000	\$ 85,300,000	\$ 37,622,852	44.1%	\$ 2,470,276	

Notes:
 1. Adopted Budget column reflects the FY2024 budget presented to the Finance, Building and Grounds Committee on September 21, 2023.
 2. The Adjusted Budget reflects net budget transfers processed between organizations and accounts.
 3. "Actual Year to Date" or "Actual YTD" is current year expenses recorded or booked through January 28, 2024 and does not include encumbrances.

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

Northeastern Illinois University
FY24 Q2 vs FY23 Q2 Actuals

{A} Change from PY (totaling \$1,949,720) relates to timing of requesting reimbursements from the State. Full State appropriation amount is expected to be exhausted by Q3.

Note: July 1 through July 22, 2023 periods were not requested for reimbursement from the State due to issue in getting reports from WorkDay.

{B} Decline in Net Tuition Revenue (\$15,403,345) and Net Differential Tuition Revenue (\$254,536) from previous years is primarily due to the timing of recording of Spring 2024 tuition revenues. Unlike in previous years, Spring 2024 revenue is recognized at the start of the term rather than at the time of registration. Below is the Spring tuition processed as of 12/31/23 but future-dated to 1/16/2024, when the new semester begins.

	Gross	Bad debts and Waivers @12%	Net
Tuition Revenue - Spring	\$ 17,919,164	\$ 2,150,300	\$ 15,768,864
Differential Tuition Revenue - Spring	323,237	38,788	284,449
	<u>\$ 18,242,401</u>	<u>\$ 2,189,088</u>	<u>\$ 16,053,313</u>

Note that revenue will be comparable in Q3.

{C} Increase from investment income of \$1,086,501 mainly represents investment income earned from the Illinois Funds and other investment accounts. Note that reimbursements from the State are deposited to the Illinois Funds. See comparison below.

	Investment Income Earned from the Illinois Funds		
	As of November	As of November	Difference
	2023	2022	
July 2023	\$ 335,976	\$ 98,377	\$ 237,599
August 2023	318,568	131,860	186,708
September 2023	330,218	148,695	181,523
October 2023	394,302	195,526	198,776
November 2023	383,641	231,171	152,470
December 2023	392,143	262,719	129,424
	<u>\$ 2,154,848</u>	<u>\$ 1,068,347</u>	<u>\$ 1,086,501</u>

{D} Increase in personal services of \$1,624,281 relates to the following:

(1) Timing of vouchering and recording of group insurance (CMS health insurance). State encouraged vouchering for early spending by September 11, 2023.

	Q2 FY24	Q2 FY23	Difference
	<u>\$ 1,072,600</u>	<u>\$ 268,150</u>	<u>\$ 804,450</u>

(2) Salary adjustments including salary increases for non-union and union employees.

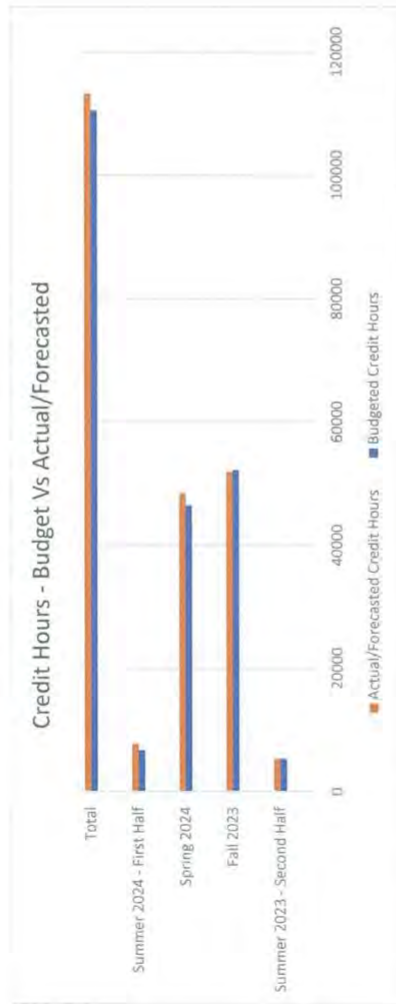
{E} Increase in contractual services (\$783,339) is related to increase in legal (\$495K), advertising (\$111K), utilities (\$172K), offset by net decrease in other expenditures due to slower utilization of budgeted funds.

i Change from prior fiscal year is immaterial.

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

**Northeastern Illinois University
 FY2024 Q2 Board Report
 Budget Vs Actual/Forecasted Credit Hours**

	Summer 2023 - Second Half	Fall 2023	Spring 2024	Summer 2024 - First Half	Total
Budgeted Credit Hours	5,257	52,135	46,417	6,691	110,500
Actual/Forecasted Credit Hours	5,235	51,845	48,417	7,718	113,216



1 "Budgeted Credit Hours" reflects the FY2024 enrollment projections presented to the Finance, Building and Grounds Committee on September 21, 2023.
 2 The Summer term is crossing fiscal years and related revenue is allocated between fiscal years based on the following percentages:

	Allocation	Budget	Actual/Forecast
Second Half:	44%	5,257	5,235
First Half:	56%	6,691	7,718
	56%	11,948	12,954

Summer Term Total Budgeted Credit Hours:	11,948
Summer 2023 Actual Total Credit Hours:	13,783
Summer 2024 Forecasted Total Credit Hours:	11,898

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

Table 2
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL YEAR 2024 BUDGET TO FORECAST COMPARISONS
 FOR THE PERIOD ENDED DECEMBER 31, 2023
 UNAUDITED FIGURES

	Adopted Budget	Budget Adjustment	Adjusted Budget	Actual Year to Date as of 12/31/23*	Forecasted Revenue/Expenses Thru 06/30/24*	Annual Forecast	Adjusted Budget Vs Annual Forecast
Revenue							
State Appropriations	\$ 39,960,000	-	\$ 39,960,000	\$ 27,478,656	\$ 12,481,344	\$ 39,960,000	\$ -
Net Tuition Revenue	41,874,400	-	41,874,400	22,103,408	20,882,270	42,985,678	1,111,278
Net Differential Tuition Revenue	689,000	-	689,000	399,730	395,343	795,073	106,073
Investment income	2,276,600	-	2,276,600	2,154,848	2,103,220	4,258,068	1,981,468
All other sources	500,000	-	500,000	363,314	261,374	624,688	124,688
Total Revenue	\$ 85,300,000	-	\$ 85,300,000	\$ 52,499,955	\$ 36,123,552	\$ 88,623,507	\$ 3,323,507
Expenditures							
Personnel Services	\$ 67,901,380	992,467	\$ 68,893,847	\$ 30,951,015	\$ 37,409,539	\$ 68,360,554	\$ (533,293)
Contractual Services	14,631,783	(77,825)	14,553,958	4,443,108	8,572,604	13,015,712	(1,538,246)
<i>BOT Reserve Allocation</i>	(2,500,000)	-	(2,500,000)	-	-	-	2,500,000
Equipment	431,986	248,509	680,495	101,140	369,618	470,758	(209,737)
Commodities	807,401	27,118	834,519	234,893	377,189	612,082	(222,437)
Telecommunications	176,700	200	176,900	31,279	128,584	159,863	(17,037)
Travel	197,750	40,617	238,367	57,380	118,358	175,738	(62,629)
Permanent Improvements	25,000	(1,166)	23,834	-	-	-	(23,834)
Operation of Auto Equip	21,000	16,080	37,080	14,009	22,660	36,669	(411)
Tuition Scholarships	1,299,000	(1,246,000)	53,000	639,821	(616,378)	23,443	(29,557)
Debt Service	2,308,000	-	2,308,000	1,150,208	1,156,816	2,307,023	(977)
Total Expenditures	\$ 85,300,000	-	\$ 85,300,000	\$ 37,622,852	\$ 47,538,989	\$ 85,161,842	\$ (138,158)

Notes:

1. Adopted Budget column reflects the FY2024 budget presented to the Finance, Building and Grounds Committee on September 21, 2023.
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. "Actual Year to Date as of 12/31/23" is current year expenses recorded or booked through January 28, 2024 and does not include encumbrances.
4. "Forecasted Revenue/Expenses Thru 06/30/24" is based on historical trends, adjusted for knowledge of new initiatives/projects or spendings.
5. "Budget Adjustment" reflects net budget transfers processed between organizations and accounts.
6. During FY2024, the University was awarded a State grant to provide academic, social emotional learning, basic needs, or other student supports. Portion of this funding, amounting to \$1.9 million, will be used towards related initiatives that were previously allocated funds from the University's FY24 unrestricted operating budget for contractual services and tuition scholarships.

INFORMATION ITEM II. B. SECOND QUARTER BUDGET TO ACTUAL REPORT

**Northeastern Illinois University
 FY24 Q2 Board Update**

IBHE Pell 55 Budget Breakdown

	Amount	Current Funding	Impact on Expense Forecast
Nest Housing Scholarships	693,772	Un. Rest. Op. Bdgt	(693,772)
Starfish	102,556	SPDF	0
Carnegie Higher Education for Slate	158,000	Unbudgeted	0
Tuition Waivers/Scholarships	1,245,672	Un. Rest. Op. Bdgt	(1,245,672)
	2,200,000		(1,939,444)

Notes: Un. Rest. Op. Bdgt = Unrestricted Operating Budget. SPDF = Strategic Planning Development Fund