



Board of Trustees

Finance, Audit, Compliance,
Facilities and Operations
Committee

August 18, 2022

BOARD OF TRUSTEES OF NORTHERN ILLINOIS UNIVERSITY
Finance, Audit, Compliance, Facilities and Operations Committee
11:15 a.m. – Thursday – August 18, 2022
Board of Trustees Room
315 Altgeld Hall

AGENDA

1. Call to Order and Roll Call
2. Verification of Quorum and Appropriate Notification of Public Meeting
3. Meeting Agenda Approval..... *Action*..... i
4. [Review and Approval of Minutes of May 12, 2022](#) *Action*..... 1
5. Chair's Comments/Announcements
6. Public Comment*
7. Financial Update
 - a. [Fiscal Year 2021 Audit and Financial Results](#)..... *Information*..... 8
 - b. [Fiscal Year 2021 External Audit Corrective Action Plans Update](#)..... *Information*..... 10
 - c. [Annual Report of Cash and Investments for Period Ending June 30, 2022](#) *Information*..... 13
8. University Recommendations
 - a. [Investment and Cash Management Policy](#) *Action*..... 17
 - b. [Bowl Game Participation Expenses](#)..... *Action*..... 24
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 - c. [Annual Summary Report on Obligations of Financial Resources for the Year Ended June 30, 2022](#)..... *Information*..... 32
10. Other Matters
11. Next Meeting Date
12. 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 can be completed [online](#) in advance of the meeting or will be available in the Board Room the day of the meeting. For more information contact Crystal Doyle, ccoppel@niu.edu, 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 Crystal Doyle, ccoppel@niu.edu or (815) 753-1273, as soon as possible.

Minutes of the
Board of Trustees of Northern Illinois University
Finance, Audit, Compliance, Facilities and Operations
Committee Meeting
May 12, 2022

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:30 a.m. by Committee Chair Dennis Barsema in the Board of Trustees Room, 315 Altgeld Hall.

Recording Secretary Christina Doe conducted a roll call of the Trustees.

Trustee Rita Athas: Absent

Trustee John Butler: Present

Trustee Montel Gayles: Present

Trustee Veronica Herrero: Present

Committee Vice Chair Bob Pritchard: Present

Trustee Jacob Sommer: Absent

Committee Chair Dennis Barsema: Present

Board Chair Eric Wasowicz: Absent

Also present: President Lisa Freeman; Committee Liaison and Interim Vice President for Administration and Finance and Chief Financial Officer James Cofer; Vice President and General Counsel and Board Parliamentarian Bryan Perry; Executive Vice President and Provost Beth Ingram; Board Liaison and Chief of Staff Matthew Streb; Vice President for Enrollment Management, Marketing and Communications Sol Jensen; and University Advisory Council (UAC) Representatives Felicia Bohanon, Holly Nicholson, and Greg Beyer.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

General Counsel Bryan Perry indicated the appropriate notification of the meeting has been provided pursuant to the Illinois Open Meetings Act. Mr. Perry also advised that a quorum was present.

MEETING AGENDA APPROVAL

Committee Chair Barsema asked for a motion to approve the meeting agenda. Trustee Gayles so moved, and Committee Vice Chair Pritchard seconded.

The motion was approved.

Trustee Rita Athas joined the meeting at 10:32 a.m.

REVIEW AND APPROVAL OF MINUTES OF FEBRUARY 10, 2022

Committee Chair Barsema asked for a motion to approve the minutes of February 10, 2022. Committee Vice Chair Pritchard so moved, and Trustee Butler seconded.

The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Committee Chair Barsema welcomed everyone and recognized the University Advisory Committee. He asked if anyone had any comments. Felicia Bohanon and Holly Nicholson commented the concern on the continuing of outsourcing of bus services and the importance of utilizing NIU busses as the NIU logo is well seen and well-known; as well as issues that have been experienced due to utilizing the non-NIU busses.

Committee Chair Barsema stated the agenda focused on a set of important financial updates and a number of recommendations that include financial commitments in support of university activities and needs.

Board Chair Eric Wasowicz joined the meeting at 10:35 a.m.

Committee Chair Barsema welcomed Dr. James Cofer, who has joined NIU as the Interim Vice President and Chief Financial Officer (VPCFO). Dr. Cofer brings with him a lifetime of experience holding senior financial and administrative positions in higher education. His expertise will be invaluable as we begin the transition and search for a new permanent VPCFO.

The university moved forward nine recommendations for approval, including three that went to the Special Meeting. Many of the items put forward built on discussions from committee meetings earlier in the day, most notably the continuation of conversation around the Shimadzu partnership extension. Committee Chair Barsema appreciates the efforts of university leadership to continue to connect the discussions and establish a thorough understanding of the items moving forward.

This committee has a fiduciary responsibility for the university, one all board members take seriously. Board members act in accordance with this responsibility, as well as work with university leadership to support and enact the ambitious university goals and continue to see the great benefit in aligning discussions throughout the day in support of the resource actions put to this committee.

As this committee reports on progress toward University Goal #6, Resource Development and Fiscal Responsibility the Board understands the alignment of actions in support of strategy. The quarterly reports provided in FACFO provide the Board, and the NIU community, with progress toward financial milestones, and a deeper discussion around FY23 budget development in support of multi-year planning is part of the agenda.

Two strategic conversations were incorporated in today's meeting: one in support of enhancing the student, faculty, and staff experience on and off campus with respect to information technology, and one in support of the university's commitment to diversity, equity, and inclusion through enhanced participation in the State's Business Enterprise Program (BEP).

PUBLIC COMMENT

Committee Chair Barsema introduced the public comment portion of the meeting. General Counsel Perry stated there were no requests for public comment.

FINANCIAL UPDATE

Committee Chair Barsema asked President Lisa Freeman to present the University Financial Update.

President Freeman presented Agenda Item 7.a. Quarterly Financial Summary Fiscal Year 2022 Third Quarter as of March 31, 2022

President Freeman provided some background on the item. President Freeman reiterated the need to be intentional and strategic in ways that the university uses non-recurring resources, such as Federal COVID Relief Funding, to ensure long-term financial sustainability. President Freeman invited Andrew Rogers, Assistant Vice President for Budget and Financial Planning to give the overview of item 7.a.

Follow-up discussion began with which relief funding will flow into the next fiscal year and how. These funds need to be used as a bridge to a sustainable future, and the university needs to be very judicious in how funds are used.

Committee Chair Barsema thanked Assistant Vice President Rogers for the update and stated the pleasure in seeing that the university is now tracking to a surplus of \$3M, inclusive of federal relief funding and recognition of the supplemental budget adjustment announced by the Governor. Committee Chair Barsema also reiterated comments made previously that the federal relief funds or other one-time revenue generating sources should not be used to mask the reality of the need to

make changes in pursuit of long-term fiscal sustainability. While these sources are available, the university needs to intentionally and aggressively pursue sustainable solutions to offset the anticipated financial losses, especially during the transition to forecasting and multi-year budgeting. It will take the campus continuing to come together to enact the structural changes needed, and any surplus should be recognized as a great sign but not one which means university financials are sustainable. Committee Chair Barsema recognized that Assistant Vice President Rogers noted there are significant shortfalls in areas such as contractual services which must increase in the coming years to put NIU back on track to achieving its goals.

There will be decisions made and actions taken that not everyone agrees with – that is the reality of change and evolution in organizations. The Board of Trustees has confidence in President Freeman, Provost Ingram and the leadership team to have the discussions and make the needed decisions.

President Freeman presented Agenda Item 7.b. Periodic Report on Investments for Period Ending March 31, 2022

President Freeman invited Shyree Sanan, Associate Vice President for Finance and Treasury Operations to give the overview of item 7.b.

It was noted that the recent overseas activities and market volatility has not negatively affected the University's holdings, due to the fact that NIU is limited in the investment types that it may purchase, which are generally safe investments.

Committee Chair Barsema thanked Associate Vice President Sanan for the overview and took a moment to acknowledge some great news. In February, it was recognized that Moody's revised NIU's outlook from stable to positive. Just last week, Moody's re-evaluated the university's standing and officially upgraded NIU's revenue bond rating with a continued positive outlook classification, the first this has happened in 21 years.

The improvement in rating reflects continued strengthening of the State's fiscal condition and an improving operating environment. Greater commitment to higher education in the forms of increased budget allocations for FY23 and increased MAP funding also helped secure the increased bond rating. And while this is excellent news, the Moody's outlook reflects expectations that NIU will continue working toward the goal of modifying NIU's footprint and cost structure, maintain operating performance stability, and increase liquidity.

Moody's actions provide important and public endorsement of NIU's mission, vision and values, as well as the difficult, but necessary decisions underway to align NIU's structure with the available financial resources. The improvement is encouraging and due in no small part to the enhanced reporting from the budget and finance teams, as well as the strong and forward-looking leadership from President Freeman.

President Freeman presented Agenda Item 7.c. Fiscal Year 2023 University Budget Preliminary Summary

President Freeman noted that presenting this item represents a meaningful step forward in the implementation of multi-year budgeting. This is a goal that the university has articulated for several years. This evolution in budget approach appears consistent with the recommendations that will be put forward by the leadership group who have engaged a wide range of stakeholders in frank conversations about what is needed to facilitate success in multi-year planning at the unit levels. President Freeman thanked Dr. Edghill-Walden, Dr. Blazey, and Dean Brinkmann for their work in engaging the campus community.

President Freeman invited Andrew Rogers, Assistant Vice President for Budget and Financial Planning to give the overview of item 7.c.

Committee Chair Barsema thanked Assistant Vice President Rogers for the overview. The Board appreciates this move towards multi-year budgeting as it is a critical one for university strategic planning. As the university continues efforts to ensure the fiscal sustainability and as the university moves to increase contractual spending and otherwise regain stability to support university operations, forecasting and planning ahead will undoubtedly help pave the way as well as assist the Board. Committee Chair Barsema stated this is very much appreciated and everyone is looking forward to the rollout and the next update to the Board.

UNIVERSITY RECOMMENDATIONS

Committee Chair Barsema asked President Lisa Freeman to present the University Recommendations.

President Freeman presented Agenda Item 8.a. Renewal for Shimadzu Instrumentation

Committee Chair Barsema asked for a motion to approve item 8.a. Trustee Athas so moved, and Trustee Herrero seconded.

It was recommended that there be a look at leasing equipment so that there is a continuation of new and updated equipment rather than waiting to replace.

The motion was approved.

President Freeman presented Agenda Item 8.b. Fiscal Year 2022 Revised Student Health Insurance

Committee Chair Barsema asked for a motion to approve item 8.b. Board Chair Wasowicz so moved, and Trustee Gayles seconded.

A brief discussion ensued around student satisfaction with the offering. Kelly Olson, Assistant Vice President for Student Affairs and Dean of Students, explained that Student Affairs includes health insurance as part of student experience conversations, and affordability and quality of coverage remain the priorities.

Committee Chair Barsema noted for the record that Trustee Gayles' daughter is currently enrolled. As such, Trustee Gayles prefers to abstain from voting on this item.

Committee Chair Barsema asked Ms. Doe to conduct a roll call vote.

Trustee Rita Athas: Yes

Trustee John Butler: Yes

Trustee Montel Gayles: Abstain

Trustee Veronica Herrero: Yes

Committee Vice Chair Bob Pritchard: Yes

Trustee Jacob Sommer: Absent

Committee Chair Dennis Barsema: Yes

Board Chair Eric Wasowicz: Yes

The motion was approved.

President Freeman presented Agenda Item 8.c. Charter Bus Services

President Freeman wished to comment on the previous comments from the University Advisory Council. Charter bus services have always been used to supplement the university's own bus services. Whenever the university considers an external partnership for services, there are several factors considered, such as whether the service is core to NIU's mission and whether NIU can achieve comparable service at the same or less cost. Consistent with best practice, multiple factors were discussed and considered in advance of migrating to external busing services.

Committee Chair Barsema asked for a motion to approve item 8.c. Board Chair Wasowicz so moved, and Committee Vice Chair Pritchard seconded.

Conversation continued around impact to other aspects of Transportation when one major service is outsourced. John Heckmann, Associate Vice President for Facilities Management and Campus Services, spoke to various transportation needs across campus and when outsourcing versus in-house operations makes the most economic sense. Maintaining affordable transportation for student organizations was also discussed briefly as was the importance of upholding service expectations for faculty, staff, and students.

The conversation concluded with the procurement process of securing companies within the master contract.

The motion was approved.

President Freeman presented Agenda Item 8.d. Laundry Services Contract Extension

Committee Chair Barsema asked for a motion to approve item 8.d. Board Chair Wasowicz so moved, and Committee Vice Chair Pritchard seconded.

The motion was approved.

President Freeman presented Agenda Item 8.e. Secondary Student Health Insurance Contract Renewal

Committee Chair Barsema asked for a motion to approve item 8.e. Trustee Gayles so moved, and Trustee Athas seconded.

Committee Chair Barsema confirmed with Trustee Gayles that this does not impact his daughter and Trustee Gayles confirmed that it did not so he was able to be part of the vote.

The motion was approved.

President Freeman presented Agenda Item 8.f. NIU Foundation Professional Services Contract

Committee Chair Barsema asked for a motion to approve item 8.f. Committee Vice Chair Pritchard so moved, and Board Chair Wasowicz seconded.

The motion was approved.

President Freeman presented Agenda Item 8.g. Campus Printer/Copier Program Renewal

Committee Chair Barsema asked for a motion to approve item 8.g. Trustee Gayles so moved, and Committee Vice Chair Pritchard seconded.

The motion was approved.

President Freeman presented Agenda Item 8.h. Cisco Maintenance Contract

Committee Chair Barsema asked for a motion to approve item 8.h. Trustee Athas so moved, and Board Chair Wasowicz seconded.

The motion was approved.

President Freeman presented Agenda Item 8.i. Oracle ERP Hardware/Software Contract

Committee Chair Barsema asked for a motion to approve item 8.i. Board Chair Wasowicz so moved, and Trustee Herrero seconded.

The motion was approved.

UNIVERSITY REPORTS

Committee Chair Barsema asked President Lisa Freeman to present the University Reports.

President Freeman stated that there were two presentations during this meeting. President Freeman stated NIU Board regulations stipulate that the university presents regular summaries of designated activities including financial and property transaction, as well as confirmation that state and federal requirements are met. The two reports provided today include comprehensive written updates and are submitted in accordance with board regulations. No specific presentations are planned for the written update items. President Freeman was happy to answer any questions.

President Freeman introduced the first item which was a Strategic Division of Information Technology presentation given by Matthew Parks, Chief Information Officer (CIO).

Information Item 9.a. – Strategic Division of Information Technology Presentation

Discussion began with how the university is being protected against cyber-attacks. Matthew Parks, CIO, went through the elements of information security at NIU. Additional conversation ensued around the fiber optic broadband networks across campus and their benefits to the university.

Trustee Veronica Herrero exited the meeting at 12:25 p.m.

President Freeman introduced the Business Enterprise Program (BEP) Strategic presentation given by Antoinette Bridges, Director of Procurement Services and Contract Management, and Katie Davison, Director of State Relations.

Information Item 9.b. – BEP Strategic Presentation

Discussion began with the feasibility around reaching the percentage goals and how the university continues to make progress.

Conversation continued around the legislative advocacy component, the omnibus bill in partnership with university procurement officers, and other outstanding reforms. Goals of BEP legislation include increasing vendor participation and reducing barriers to qualification, among others that will hopefully surface this summer.

Information Item 9.c. – Quarterly Summary Report of Transactions in Excess of \$100,000 for the Period January 1, 2022 to March 31, 2022

Information Item 9.d. – Semi-Annual Progress Report of Active Capital Projects over \$100,000

OTHER MATTERS

There were no other matters.

NEXT MEETING DATE

The next meeting of the Finance, Audit, Compliance, Facilities and Operations Committee will be August 18, 2022.

ADJOURNMENT

Committee Chair Barsema asked for a motion to adjourn. Board Chair Wasowicz so moved, and Trustee Athas seconded.

Committee Chair Barsema asked Ms. Doe to conduct a roll call vote.

Trustee Rita Athas: Yes

Trustee John Butler: Yes

Trustee Montel Gayles: Yes

Trustee Veronica Herrero: Absent

Committee Vice Chair Bob Pritchard: Yes

Trustee Jacob Sommer: Absent

Committee Chair Dennis Barsema: Yes

Board Chair Eric Wasowicz: Yes

The motion was approved.

The meeting adjourned at 12:51 p.m.

Respectfully submitted,

Christina Doe
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.

FISCAL YEAR 2021 AUDIT AND FINANCIAL RESULTS

Financial Audit Results for the Year Ended June 30, 2021

The university's financial statement audit for the year ended June 30, 2021 was completed and released by the Office of the Auditor General on Wednesday, May 18, 2022. The university received an unmodified audit opinion, which is the best possible outcome. Financial audit fieldwork was substantially complete as of December 2021. However, the release of the FY21 financial audit was significantly delayed due to statewide census data testing procedures related to the State University Retirement System (SURS) and other post-employment benefit (OPEB) plans. As a result of this testing, all public universities in Illinois received a repeat audit finding related to internal controls over SURS and Central Management Services (CMS) census data. This finding is noted in the auditor's report on internal control over financial reporting and on compliance and other matters performed in accordance with Government Auditing Standards for the fiscal year ended June 30, 2021. No other findings were noted in this report.

Financial Results for the Year Ended June 30, 2021

The university's net position decreased from \$129.8M in FY20 to \$120.8M in FY21, a decrease of \$9M.

The university's working capital, a measure of the university's ability to meet its short-term obligations, decreased from \$19.9M in FY20 to \$7.4M in FY21. The resulting working capital ratio decreased from 1.32 in FY20 to 1.12 in FY21. The decrease in working capital and the working capital ratio is primarily due to a decrease in cash and investments as a result of the impacts of COVID-19. The university's FY21 working capital ratio of 1.12 fell just below the target working capital ratio range of 1.20 to 2.00. The university's FY22 working capital is expected to fall within the target range as a result of the infusion of cash from federal relief aid and a 5% supplemental state appropriation, coupled with campus efforts to reduce and delay spending to focus on mission-critical work during the fiscal year.

The university's long-term debt payable decreased from \$337.2M in FY20 to \$328M in FY21, a decrease of \$9.2M. The decrease of \$9.2M is due to repayment of principal in FY21 on the refinanced revenue bonds and other long-term debt.

Compliance Examination Results for the Year Ended June 30, 2021

The university's compliance examination for the year ended June 30, 2021 was completed and released by the Office of the Auditor General on Wednesday, June 29, 2022. The university received an unmodified opinion on its Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes. Additionally, the university received an unmodified opinion on its Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

The Summary of Findings reported a total of 18 findings for the year ended June 30, 2021 compared to 16 findings for the year ended June 30, 2020. Audit findings are reported and classified into two categories as either a material weakness or significant deficiency. A material weakness is the most severe type of audit finding. A significant deficiency is less severe than a material weakness, yet still considered important enough to merit attention in the report.

Of the 18 findings in the current year, one was classified as a material weakness and the remaining 17 were classified as significant deficiencies. Two of the prior year findings were implemented

and not repeated in the current year report. Summary information in support of the 18 findings, as defined by the auditors are included in the following item, Fiscal Year 2021 External Audit Corrective Action Plans Update, Agenda Item 7.b.

FISCAL YEAR 2021 EXTERNAL AUDIT CORRECTIVE ACTION PLANS UPDATE

As a result of FY21 audit findings, the university developed formal corrective action plans intended to strengthen internal controls and address each audit recommendation as described in the FY21 Examination. There were 18 total material audit findings, of which 14 were repeated from the prior year. The total number of findings increased by two compared to the prior year. The average number of findings received for all nine Illinois public institutions was 14. The University's FY21 compliance report contains a full description of each audit finding's condition, associated risk, auditor recommendation, and management response. The FY21 compliance report can be found at <http://www.auditor.illinois.gov/Audit-Reports/Compliance-Agency-List/NIU/FY21-NIU-Comp-Full.pdf>.

Management has engaged Internal Audit to test the status of corrective action plans, which plays a critical role in tracking progress to date. Testing for FY21 corrective action plans could not be completed prior to this report due to the late release of the FY21 Financial and Compliance Audit reports. However, management has identified those corrective action plans that will be prioritized during this fiscal year for full implementation and will be tested by Internal Audit, as follows:

1. Inadequate Internal Controls over Census Data
2. Inadequate Controls over Employee Terminations
3. Inadequate Controls of Property and Equipment
4. Lack of Annual Employee Trainings
5. Inadequate Controls over Procurement Card Use

Responsible Officers have provided status updates on corrective action steps taken during FY22 to address material audit findings. This information helped inform the status update provided here. As noted in the chart below, corrective action plans have been fully implemented, partially implemented where significant progress has been made towards full implementation, or not implemented where corrective action has not begun. This status update on corrective actions is current as of July 2022.

The FY21 audit findings have been categorized into three primary categories based on common factors:

1. **Review and update policies and procedures:** In several instances, the corrective action to correct the condition requires improved alignment between university policies, practices, workflow, and institutional deadlines in order to support successful corrective action. For these findings, the university will review and update policies and procedures that need to be transformed, simplified, or eliminated to implement appropriate corrective action.
2. **Campus-wide administrative efficiency:** Compliance is being enhanced through actions associated with our campus-wide initiative to automate manual processes and leverage electronic solutions to reduce processing time and data entry errors. These efforts will also help advance the mission and operation of the university, provide a positive impact to students, faculty and staff, and make the best use of university resources.
3. **Legislative Relief:** There are three audit findings where the university seeks legislative change as the corrective action to the audit finding. The University believes the requirements are not practical. NIU is leading efforts with the other Illinois public institutions to provide a set of recommendations to the Legislative Audit Commission to remove requirements that do not serve the public or common good.

FY21 FINDINGS AND CORRECTIVE ACTION STATUS

Finding Number and Type	Description of Finding	Status	Category	Responsible Area
Finding 2021-001 (Material Weakness)	Inadequate Internal Controls over Census Data (repeated since 2020)	Partially Implemented	1	Human Resource Services
Finding 2021-002 (Significant Deficiency)	Enrollment Status Reporting (repeated since 2017)	Implemented	1	Registration & Records
Finding 2021-003 (Significant Deficiency)	Information Technology Risk Assessment Not Performed (GLBA) (repeated since 2020)	Implemented	1	Division of Information Technology
Finding 2021-004 (Significant Deficiency)	Higher Education Emergency Relief Fund Reporting (new)	Implemented	1	Financial Aid
Finding 2021-005 (Significant Deficiency)	Inadequate Internal Controls over Contracts (repeated since 2012)	Partially Implemented	1, 3	Procurement Services and Contract Management
Finding 2021-006 (Significant Deficiency)	Failure to Submit Proper Time Reporting (repeated since 2005)	Partially Implemented	3	Human Resource Services
Finding 2021-007 (Significant Deficiency)	Lack of Annual Performance Reviews (repeated since 2018)	Partially Implemented	2	Human Resource Services
Finding 2021-008 (Significant Deficiency)	Inadequate Controls Over I-9 Forms (repeated since 2018)	Implemented	2	Human Resource Services
Finding 2021-009 (Significant Deficiency)	Inadequate Controls over Employee Terminations (repeated since 2019)	Partially Implemented	2	Human Resource Services
Finding 2021-010 (Significant Deficiency)	Noncompliance with the Business Enterprise for Minorities, Women and Persons with Disabilities Act (repeated since 2019)	Partially Implemented	1	Procurement Services and Contract Management
Finding 2021-011 (Significant Deficiency)	Subsidies between Accounting Entities (repeated since 2018)	Partially Implemented	3	Controller
Finding 2021-012 (Significant Deficiency)	Inadequate controls of property and equipment (repeated since 2015)	Implemented	2	Materials Management
Finding 2021-013 (Significant Deficiency)	Noncompliance with the Illinois Articulation Initiative Act (repeated since 2020)	Partially Implemented	1	Registration & Records
Finding 2021-014 (Significant Deficiency)	Lack of Annual Employee Trainings (repeated since 2020)	Partially Implemented	2	Human Resource Services
Finding 2021-015 (Significant Deficiency)	Untimely Reporting of Auto Accidents (new)	Implemented	1	Materials Management
Finding 2021-016 (Significant Deficiency)	Inadequate controls over Procurement Card Use (new)	Partially Implemented	1	Procurement Services and Contract Management
Finding 2021-017 (Significant Deficiency)	Lack of Adequate Controls Over the Review of Internal Controls over External Service Providers (repeated since 2020)	Partially Implemented	1	Controller/Division of Information Technology
Finding 2021-018 (Significant Deficiency)	Inadequate controls over Terminated Employee User Accounts (new)	Partially Implemented	2	Division of Information Technology

Barriers that limit full implementation include navigating impacts of the global pandemic, limited financial and staff resources, staff turnover during the Great Resignation, increased workloads, limited information technology functionality, and competing priorities. In addition, the FY21 compliance examination report was not final until June 14, 2022, which reduces the amount of lead time available to implement all corrective actions by June 30, 2022.

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. The Ethics and Compliance Office assists the university campus in a proactive manner to ensure its activities comply with the laws, regulations, and policies that govern the university and adhere to the highest legal, professional, and ethical standards.

Prior Year Findings Not Repeated

Finding 2020-003 - Inadequate Controls over Awarding of Direct Loans

Auditor Comments: During the current year single audit, we noted the University strengthened its controls over the re-evaluation of student financial need. Similar exceptions were not noted during our current year sample testing.

Finding 2020-016 – Weaknesses in Cybersecurity Programs and Practices

Auditor Comments: During the current year examination, we noted the University improved controls related to cybersecurity programs and practices. Similar exceptions were not noted during our current year testing.

ANNUAL REPORT OF CASH AND INVESTMENTS FOR PERIOD ENDING JUNE 30, 2022

In accordance with the University's Investment and Cash Management policy, this report on cash and investments is submitted at the end of each calendar quarter to the Board of Trustees. This report is required by *Board of Trustees Regulations* (Section V, Subsection D). The following schedules are included:

- Report of Depositories as of June 30, 2022
- Cash and Investment Holdings Summary as of June 30, 2022
- Investment Earnings for the quarter ended June 30, 2022

The Investment Committee is responsible for monitoring compliance with the university's Investment and Cash Management Policy. The investment goals, as stated in the policy, are to insure the preservation of principal and maintain compliance with applicable state laws, rules, regulations, debt covenants and *Board of Trustees Regulations* while meeting cash flow needs and earning a yield acceptable to conservative investment managers.

The *Report of Depositories* is submitted annually, along with the university's [Investment and Cash Management Policy](#). The depository summarizes deposits and withdrawals in each bank account during the fiscal year. The ending balances reflect bank statement amounts and may differ from university financial records due to reconciling items. The *Report of Depositories* does not include the fixed income investment portfolio that contains \$40M in Agency and Treasury notes.

The *Cash and Investment Holdings Summary* at June 30, 2022 shows NIU's total holdings at just over \$142M. Of the total holdings' balance approximately \$90M is available for daily operations providing roughly 90 days cash on hand. The remaining balance is restricted per collateralization requirements and contractual obligations. The total holdings balance is up \$6M from the balance at June 30, 2021. This increase is primarily a result of continued receipt of additional pandemic-related Federal relief funding.

The *Investment Earnings* report shows income of \$274K and an overall annualized rate of return of 0.71% for the fourth quarter. This represents an increase in interest earned of approximately \$247K when compared to the same quarter of FY21. The increase in interest earned is primarily due to increasing market investment yields. Operating funds are primarily invested in interest-bearing savings accounts, money markets, and fixed-income securities to balance liquidity needs with investment earnings.

Indicators of economic activity strengthened this quarter after a slight decline in the first quarter. Employment numbers have been robust in recent months, with low unemployment rates. Inflation, however, remains elevated, well above the 2% goal set by the Federal Open Market Committee. The Federal Open Market Committee decided to raise the target range for the federal funds interest rate by three quarters of a percentage point at its July meeting, which puts the rate at a range of 2.25% to 2.5%. Management is continuously monitoring market changes that will affect the university's cash management and investment goals. Management is committed to the fiscal sustainability of NIU and is reviewing all available options for strengthening the university's cash position.

Northern Illinois University
REPORT OF DEPOSITORIES
For the Year Ended June 30, 2022

	Beginning Balance 7/1/2021	Deposits*	Withdrawals*	Ending Balance 6/30/2022**
Amalgamated Bank				
Series 2010 Build America Bonds	\$280,105	\$66	\$265,517	\$14,654
Series 2014 Certificates of Participation	-	1,502,602	1,502,600	2
Series 2020A Revenue Bonds	-	486,874	486,874	-
Series 2020B Revenue Bonds	-	6,846,350	6,846,350	-
Series 2021 Revenue Bonds	-	3,567,399	3,567,399	-
	\$ 280,105	\$ 12,403,291	\$ 12,668,740	\$ 14,656
First National Bank				
Investment	\$ 435,765	\$ 70,251,096	\$ 69,852,260	\$ 834,601
Contributory Trust	9,839,000	15,107	15,517	9,838,590
	\$ 10,274,765	\$ 70,266,203	\$ 69,867,777	\$ 10,673,191
First Midwest Bank***				
Credit Card Account	\$ 50,000	\$ 70,130,229	\$ 70,130,229	\$ 50,000
Deposit Account	238,257	130,404,563	130,146,107	496,713
Disbursement Account	50,000	54,163,178	54,163,178	50,000
Investment Account	65,447,037	388,843,244	402,423,687	51,866,594
Payment Account	50,000	424,671,056	424,671,056	50,000
Payroll Account	81,316	162,468,124	162,482,562	66,878
	\$ 65,916,610	\$ 1,230,680,394	\$ 1,244,016,819	\$ 52,580,185
JP Morgan Chase Bank				
CD	\$ 1,514,814	\$ 492	\$ -	\$ 1,515,306
Illinois National Bank				
NIU Operations- IL Funds	\$ 5,000	\$ 652,421	\$ 652,421	\$ 5,000
US Bancorp Fund Services				
NIU Operations- IL Funds	\$ 42,963,380	\$ 89,363,113	\$ 95,000,000	\$ 37,326,493
Total For All Banks	\$ 120,954,674	\$ 1,403,365,914	\$ 1,422,205,757	\$ 102,114,831

* Deposits and Withdrawals include interaccount transfers.

** The balances and activity reflected on this report are taken from bank statements and may not necessarily reflect those amounts recorded in the university financial records due to reconciling items, and exclude fixed income securities.

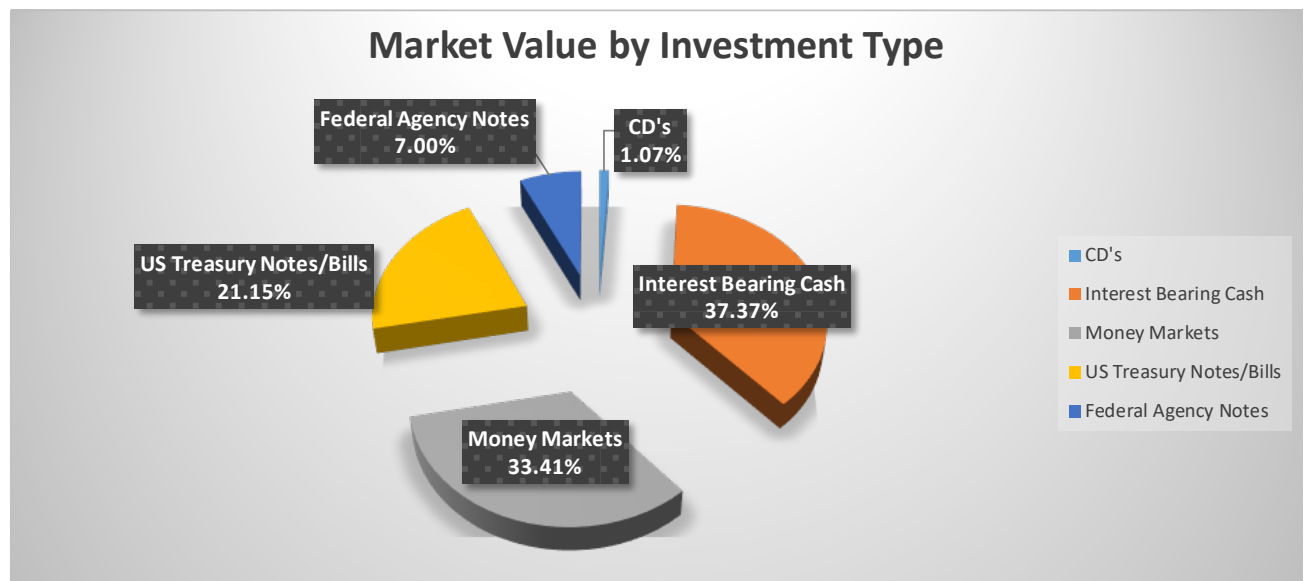
*** First Midwest Bank to become Old National Bank effective July 11, 2022 due to all-stock merger of equals.

NORTHERN ILLINOIS UNIVERSITY
CASH and INVESTMENT HOLDINGS SUMMARY

June 30, 2022

For Fiscal Year 2022

Investment Type	Purch Price/ Ending Bal *	Book Value **	Market Value ***
CD's:			
Local Funds	\$ 1,515,306	\$ 1,515,306	\$ 1,515,306
Federal Agency Notes:			
Local Funds	\$ 9,921,460	\$ 9,934,335	\$ 9,885,410
Interest Bearing Cash Accounts:			
Local Funds	\$ 52,768,073	\$ 52,768,073	\$ 52,768,073
Money Markets:			
Contributory Trust	\$ 9,838,590	\$ 9,838,590	\$ 9,838,590
Local Funds	37,326,493	37,326,493	37,326,493
Project Funds	14,653	14,653	14,653
	<u>\$ 47,179,736</u>	<u>\$ 47,179,736</u>	<u>\$ 47,179,736</u>
US Treasury Notes/Bills:			
Local Funds	\$ 29,897,389	\$ 29,886,456	\$ 29,873,250
TOTAL INVESTMENT HOLDINGS	\$ 141,281,964	\$ 141,283,906	\$ 141,221,775
Non-interest Bearing Cash	\$ 729,782	\$ 729,782	\$ 729,782
TOTAL CASH & INVESTMENT HOLDINGS	\$ 142,011,746	\$ 142,013,688	\$ 141,951,557
TOTAL REPORTED FOR 6/30/2021	\$ 136,193,265	\$ 136,189,550	\$ 136,193,554



* Amounts per Bank and Investment Statements

** Purchase price, net of accumulated amortization of premiums and discounts

*** Estimated price for which an investment would sell in the marketplace

Assets reported in the CASH and INVESTMENT HOLDINGS SUMMARY comply with the Illinois Public Funds Investment Act (30 ILCS 235) and the NIU Investment and Cash Management Policy

NORTHERN ILLINOIS UNIVERSITY
INVESTMENT EARNINGS
For Fiscal Year 2022
July 1, 2021 - June 30, 2022

	June 30 Ending Balance	Qtr 4 Average Daily Balance	Percent of Portfolio	Qtr 4 Income Earned	Annualized Rates of Return				
					FY2022				
					4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	
Short-Term Investment Accounts									
Illinois Funds	\$ 37,326,493	\$ 53,593,393	34.54%	\$ 102,091	0.764%	0.151%	0.038%	0.020%	
Investment Accounts - Financial Institutions	\$ 52,768,073	\$ 52,372,763	33.75%	\$ 101,559	0.778%	0.228%	0.132%	0.119%	
Contributory Trust	\$ 9,838,590	\$ 9,838,802	6.34%	\$ 15,967	0.651%	0.063%	0.026%	0.026%	
Investment Accounts - Project Funds	\$ 14,653	\$ 146,802	0.09%	\$ 86	0.235%	0.006%	0.006%	0.006%	
CD's	\$ 1,515,306	\$ 1,515,279	0.98%	\$ 778	0.206%	0.010%	0.010%	0.041%	
ST Investment Accounts Total	\$ 101,463,115	\$ 117,467,039	75.70%	\$ 220,481	0.753%	0.177%	0.072%	0.077%	
Fixed Income Securities									
Local Funds	\$ 39,818,849	\$ 37,701,471	24.30%	\$ 53,310	0.567%	0.365%	0.040%	0.048%	
Fixed Income Securities Total	\$ 39,818,849	\$ 37,701,471	24.30%	\$ 53,310	0.567%	0.365%	0.048%	0.053%	
Non-interest Bearing Cash	\$ 729,782	-	-	-				-	
COMBINED TOTAL	\$ 142,011,746	\$ 155,168,510	100.00%	\$ 273,791	0.71%	0.20%	0.07%	0.08%	

Assets reported in INVESTMENT EARNINGS comply with the Illinois Public Funds Investment Act (30 ILCS 235)
and the NIU Investment and Cash Management Policy

INVESTMENT AND CASH MANAGEMENT POLICY

Summary: The university requests Board of Trustees approval for revisions made to the Investment and Cash Management Policy. The University Investment Committee has updated this policy as follows:

- [VII: Roles and Responsibilities, Section C:](#) Revised verbiage to clarify the Investment Committee's advisory role, reporting to the Vice President of Administration & Finance.
- [VII: Roles and Responsibilities, Section E:](#) Updated position titles based on the consolidation of the Department of Treasury Operations and Controller's Office.
- [XI: Sustainability Factors:](#) Added a paragraph regarding sustainability factors considered by management when evaluating investment decisions.

The updated policy is attached. No other changes to content have been made. This version will be posted on the university's website and forwarded to the appropriate financial partners.

Background: The university is required to maintain a written investment policy per 30 ILCS 235/2.5. To ensure compliance with the statute, the university has established and implemented an Investment and Cash Management Policy to address safety of principal, liquidity of funds, return of investment, and other factors as outlined by the statute. On occasion, revisions to the policy are needed based on various internal and external factors, which requires board approval per the Policy. The Investment and Cash Management Policy was last approved by the Board of Trustees on September 14, 2017.

Funding: N/A

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 September 15, 2022.

NORTHERN ILLINOIS UNIVERSITY
Investment and Cash Management Policy

Submitted by: NIU Investment Committee
Board Approval: September 15, 2022

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I. Philosophy

The University shall manage its cash and investments in a manner that will preserve principal, meet operating cash flow needs, and produce a yield which would be described in the current marketplace as acceptable by conservative investment managers. Investment strategies will evolve over time as market conditions, interest rates, and operational needs change. Such strategies must comply with applicable State and Federal statutes and bond indentures.

University cash and investments shall be managed with prudent judgment and care. The investment portfolio shall be managed with the intention of obtaining the highest possible net return, balancing reasonable growth and yield with acceptable risk. In addition, the portfolio shall exhibit diversity with respect to instrument type and duration.

II. Guidelines

A. Board of Trustees Regulations

Regulations of the Board of Trustees ([Section V.D.](#)) allow the combining of funds of the same category or classification in a single account with an authorized depository as long as the University's books and records reflect the amount deposited in each fund and the charges against each fund. Any amount of such deposits in excess of the amount reasonably necessary to meet the anticipated expenses of such funds may be invested in any investment permitted by the laws of the State of Illinois for the investment of public funds unless otherwise restricted by a bond or other legal covenant.

B. Bond Funds and Other Debt Instruments

The Resolutions authorizing the issuance of revenue bonds and other debt instruments may place restrictions on the investment of these funds. The maturity of investments purchased should be aligned with drawdown and/or use of funds schedules. The investments are limited to those permitted by resolution or meeting the requirements of this investment policy. In the event of a conflict between the regulations and the requirements of specific bond resolutions, the latter shall govern.

C. Depositories

All funds not required to be paid into the State Treasury shall be deposited in banks authorized by the Board of Trustees to serve as depositories. University depositories must be insured with the Federal Deposit Insurance Corporation. University accounts shall be held in the name of Northern Illinois University. Banking activities will be conducted in a manner that is compliant with State statute and Board of Trustees regulations.

III. Authorized Investments

Funds should be invested in accordance with the State of Illinois Public Funds Investment Act ([30 ILCS 235](#)). Acceptable investments include but are not limited to:

- Instruments guaranteed by the full faith and credit of the United States of America
- Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies
- Interest-bearing savings accounts, certificates of deposit or time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act ([205 ILCS 5](#))
- Commercial paper, as outlined in the Public Funds Investment Act
- Money market mutual funds, as outlined in the Public Funds Investment Act

- Public Treasurers' Investment Pool, commonly known as the [Illinois Funds](#)

Foreign investments are prohibited. Additionally, the Investment Committee may specify criteria more restrictive than those of the Illinois Public Funds Investment Act.

IV. Diversification and Allocation

The investment portfolio should be reasonably diversified among instrument types and maturities. With the exception of US Treasuries, no single instrument type should comprise more than 50% of the portfolio. Maturities should be laddered to coincide with operational needs. The weighted average duration of the portfolio will be determined by the Investment Committee and will be adjusted as appropriate.

The Investment Committee will determine target asset allocation strategies that allow for the maximum rates of return while providing a stable income stream.

V. Collateralization

Funds on deposit which exceed the amount of federal deposit insurance coverage must be collateralized with bonds or pledged securities. The State Finance Act ([30 ILCS 105/6a-1a](#)) limits the types of pledged securities to those which the State Treasurer may accept for amounts not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The market value of the bonds or pledged securities shall at all times be equal to or greater than the uninsured portion of the deposit.

VI. Risk

Custodial Credit Risk is the risk of loss due to a financial institution or counterparty failing. This would result in the University not receiving the full value of its deposits held by such party. In accordance with the Illinois Public Funds Investment Act ([30 ILCS 235](#)), public funds on deposit not covered by FDIC insurance require pledged securities to be placed by financial institutions or counterparty. Collateral agreements are to provide for a third-party custodian to hold such pledged securities. To mitigate custodial credit risk, all pledged securities on behalf of the University are held in an account in the name of Northern Illinois University.

Credit Risk represents a loss due to the failure of a security issuer to fulfill its obligation to make interest and/or principal payments in accordance with required dates. By limiting investments to only those authorized by the Illinois Public Funds Investment Act ([30 ILCS 235](#)), the University's exposure to credit risk is mitigated.

Interest Rate Risk is the risk that a change in interest rate will adversely affect the fair value of an investment. The University mitigates interest rate risk by maintaining adequate cash or cash equivalent balances that are consistent with expected cash flows of the University, thus minimizing risk associated with changes in market value and/or interest rate fluctuation.

Concentration of Credit Risk is managed with diversification of investments held at any one time in the University's portfolio. The risk of loss due to having a significant portion of University resources invested in a single issuer is minimized and controlled by limitations as set forth in this policy.

Foreign Currency Risk or investments exposed to currency rate fluctuations are controlled by adherence to the Illinois Public Funds Investment Act ([30 ILCS 235](#)).

VII. Roles and Responsibilities

A. Board of Trustees

Northern Illinois University Board of Trustees shall approve the Investment and Cash

Management Policy and revisions, new depository relationships, changes/additions to signatory authority, and the quarterly written reports of investments status and activity.

B. Finance, Audit, Compliance, Facilities and Operations Committee

The Finance, Audit, Compliance, Facilities and Operations Committee (FACFO) has oversight responsibilities for the Investment Committee. FACFO submits investment reports to the Board of Trustees on a quarterly basis.

C. Investment Advisory Group

The Investment Committee is an advisory group established to advise the Board Treasurer and Vice President of Administration and Finance on investment goals, objectives and strategies, and is comprised of the Associate Vice President for Finance and Treasury, the Controller, the Deputy Controller (non-voting), and any others appointed by the Vice President of Administration and Finance. To ensure shared governance, a faculty representative may be appointed by the Vice President of Administration and Finance.

The Investment Committee was established to assist the University in fulfilling its fiduciary investment responsibilities. The Investment Committee shall:

- Meet at least once per quarter in advance of the FACFO meeting.
- Review and recommend investment goals, objectives, and policy as needed.
- Recommend target asset allocation strategies.
- Recommend performance measures.
- Recommend external investment advisors, managers, and/or brokers.
- Review and revise quarterly reports to the President and Board of Trustees, through the FACFO, the results of investment activity.
- Review and recommend changes in report content and/or format.
- Periodically review the investment portfolio for its effectiveness in meeting University needs regarding safety, liquidity, return, and diversification.
- Recommend new committee members.

D. Board Treasurer and Vice President of Administration and Finance

The Board Treasurer is authorized to designate depositories at such locations that require local banking services away from the Northern Illinois University main campus. Consistent with Board of Trustees regulations all new depository relationships require specific Board approval.

The Board Treasurer is authorized to delegate signature authority for a single specific purpose, bank, and/or investment account. The delegation involves University departments and/or agency relationships within the University.

The Board Treasurer acts as the Investment Committee Chair.

E. Deputy Controller

The Deputy Controller serves as the University's Chief Investment Officer. The Deputy Controller shall:

- Establish a system of internal controls and written procedures designed to prevent fraud, misrepresentation, and employee error.
- Draft and distribute reports as required by Illinois statutes, *Board of Trustees Regulations*, and University policy.
- Execute investment trades.

VIII. Reporting

Investment reports should demonstrate the status and performance of cash and investments.

The Accountability for the Investment of Public Funds Act ([30 ILCS 237](#)) requires the University to provide the following information online by the 15th of each month:

- the amount of funds held by that agency on the last day of the preceding month or the average daily balance for the preceding month;
- the total monthly investment income and yield for all funds invested by that agency;
- the asset allocation of the investments made by that agency; and
- a complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with that agency.

The Illinois Public Funds Investment Act ([30 ILCS 235](#)) requires quarterly reporting to the Board of Trustees and the University President. At a minimum, the reports shall include securities by class or type, income earned, book value, and market value as of the report date.

Regulations of the Board of Trustees ([Section V.D.](#)) require the University to submit an annual Report of Depositories as of June 30th. The report consists of beginning balances, withdrawals, and ending balances for all bank accounts. In addition, a statement of investment policy shall be submitted with the Report of Depositories.

IX. Advisors

The University may utilize the services of external advisors to assist in trade executions and the management of investments. The Investment Committee will develop a selection process to research and analyze prospective vendors for inclusion in the pool of investment advisors.

X. Ethics

All employees are responsible for compliance with this policy and applicable State and federal laws, including the State Officials and Employees Ethics Act ([5 ILCS 430](#)).

University employees involved in the investment process shall refrain from any actions and/or activity that would be in conflict with the proper execution of the investment program.

XI. Sustainability Factors

Material, relevant, and decision-useful sustainability factors have been or are regularly considered by the agency, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include but are not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

BOWL GAME PARTICIPATION EXPENSES

Summary: The university is requesting that the Board of Trustees delegate to the President, or designee, approval for all necessary and proper expenses related to NIU's participation in a post-season Bowl Game competition, including (but not limited to) the following: the Bowl agreement(s), expenses relating to ticketing, tickets, travel/transportation, lodging, rentals, insurance, dining, beverages (non-alcoholic), fees, services, broadcast rights, apparel, commodities, equipment, and supplies. Further, such approval is requested to also authorize the President, or designee, to undertake all business transactions necessary in relation to an anticipated upcoming Bowl event, reporting actions taken where required beyond customary authorizations at a subsequent meeting of the Board.

Background: For eleven of the past 14 football seasons, the NIU football team has been invited to participate in a post-season Bowl Game. Through a shared cost model, the Mid-American Conference and respective institutions participating in bowl games account for the costs (amount established each fiscal year). The university is unsure of the bowl scenario at this point in the season, but should the team qualify, there is a quick turn-around for logistics. Bringing this item to the Board in advance allows university leadership and Intercollegiate Athletics to prepare in the most efficient manner.

Funding: Institutional Funds

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 September 15, 2022.

EDUCATION SYSTEMS CENTER EARLY CHILDHOOD TRANSFORMATION TEAM

Summary: The Early Childhood Transformation Team (ECTT) of the Education Systems Center at NIU is requesting approval of a \$347,250 purchase order to vendor Illinois Network of Resource and Referral Agencies (INCCRRA). Funds will be administered by INCCRRA and used by Birth to Five Action Councils housed within INCCRRA to support the establishment of a Family Advisory Council (FAC) in each of the 39 regional Birth to Five Action Councils launched in February 2022. Funding has been secured by the ECTT as part of an external, private New Venture Fund to be paid out over FY22 through FY24.

Background: The ECTT was established at the direction of Governor J.B. Pritzker in spring of 2021 with funding from the Illinois State Board of Education (ISBE) and housed at Education Systems Center at NIU based on the long-standing collaboration between ISBE and NIU and the expertise and leadership provided through Education Systems Center in the state's early childhood education and care system.

The first charge of the ECTT was to establish an infrastructure for regional and community systems to operationalize equity in the state's early childhood education and care services. Birth to Five Illinois was launched in February 2022 and is housed within INCCRRA, which provides business, financial, technological, and human resources capacity for Birth to Five Illinois. INCCRRA is the state's designated organization to host and incubate the new Birth to Five Action Councils, a network of 39 regional planning bodies focused on improving services to families with children ages 0-5. The effectiveness of these regional councils will rely on local collaborations with parents, providers and stakeholders so real-time input on current and ever-changing needs can be gathered and assessing whether existing resources can meet these needs can be done.

Work to elevate early childhood education and care across the state has been ongoing at the community level for more than 15 years. Significant funding to support the Birth to Five infrastructure and specifically the participation of parents, families and local early childhood collaborations is a large component of the funding awarded to the ECTT by the New Venture Fund (NVF).

There are two primary components of funding dedicated to INCCRRA in support of the Birth to Five Action Council infrastructure:

- **Family Advisory Councils:** As awarded, INCCRRA will receive \$147,250 to establish and support Family Advisory Councils as a mechanism to engage families in Regional Planning Councils, including stipends and meals.
- **Mini Grants:** A total of \$200,000 of the larger \$1 million three-year NVF award is 'mini-grants' to support existing local collaborations, as well as establish new ones where none currently exist.

Funding: Institutional Funds - \$347,250

Note: Funding has been secured by the ECTT as part of an external, private New Venture Fund to be paid out over FY22 through FY24.

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 September 15, 2022.

EDUCATION SYSTEMS CENTER CHICAGO-BASED LEASE EXTENSION

Summary: The Board of Trustees has previously granted approval for the Education Systems Center (EdSystems), part of the Division of Outreach, Engagement and Regional Development, to occupy leased space with Madison RE, LLC, in downtown Chicago. Prior lease authority was \$620,000 for the period of August, 2016 through December, 2022. EdSystems is requesting to extend its lease to July 31, 2025, for an additional \$220,000 maximum. Total lease authority would be increased to \$840,000 to cover rent, utilities, and costs associated with the leased space as outlined in the agreement.

Background: EdSystems has created a very strong and successful presence in Chicago. The department operates completely on the revenues that it generates (local, foundation and grant funding). The department pays for all telephone systems, IT systems and support, office furniture and the rent requested herein. In FY22, EdSystems generated over \$2.25M in revenue with \$1.55M in expenses, plus another \$350,000 in grants.

Prior to the expiration of this extension, EdSystems will conduct a market review and space needs assessment to determine if the current location remains the best fit for the program or if relocation would be advantageous.

Funding: Institutional Funds - Total lease authority \$840,000

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 September 15, 2022.

CAMPUS FACILITY PROJECT UPDATE

John Heckmann, Associate Vice President for Facilities Management and Campus Services, Division of Administration & Finance, will give a presentation.

**QUARTERLY SUMMARY REPORT OF TRANSACTIONS IN EXCESS OF
\$100,000 FOR THE PERIOD APRIL 1, 2022 TO JUNE 30, 2022**

In accordance with *Board of Trustees Regulations* (Section V, Subsection B.5), this report of all obligations of financial resources greater than \$100,000 but less than \$250,000 is submitted at the end of each calendar quarter to the Board of Trustees. This quarterly report does not include commercial card obligations. Following is a summary of the number of transactions, fund source, total dollar amount, and transaction details for obligations incurred during the quarter ended June 30, 2022.

Purchase Amount	No. of Transactions	Appropriated*	Non-Appropriated	Total
Over \$100,000	41	\$2,869,904	\$3,609,883	\$6,479,787

TRANSACTIONS DETAIL:

Purchases:

1. Housing and Residential Services requested permission to purchase new furniture to replace the current worn and dated furniture in New (Patterson) Hall East. (Southwest Contract, Temple, AZ) 110,980
2. The President’s Office requested permission to issue an FY22 open order for executive search firm services for the Chief Financial Officer position. (Witt Kieffer, Oakbrook, IL) 115,000*
3. Athletics requested permission to issue an FY22 open order for Men’s and Women’s Basketball officials for the period July 1, 2021 through June 30, 2022. The original request was approved on the November 19, 2021 President’s Report in the amount of \$70,700. An amendment was required to increase the open order to \$153,800. (Mid-American Conference, Cleveland, OH) 153,800
4. Continuing and Professional Education requested permission to issue an FY22 open order for marketing consultation services to promote OSHA courses for the period July 1, 2021 through June 30, 2023. The original request was approved on the July 23, 2021 President’s Report in the amount of \$75,000. An amendment was required to increase the open order to \$105,000. (Minnesota Safety Council, St. Paul, MN) 105,000
5. University Libraries requested permission to purchase furniture to replace old and outdated furniture in the collaborative areas of Founders Memorial Library. (Krueger International, Green Bay, WI) 120,276*
6. Student Affairs requested permission to purchase a 3-year subscription to the Campus Groups community engagement platform and a mobile site for students and student organizations for the period June 1, 2022 through May 31, 2025. (Novalsys Inc., New York, NY) 119,042

7. Campus Dining requested permission to purchase a commercial conveyor-type, ventless dishwasher for Holmes Student Center. Price included add-ons and installation. (TriMark-Marlin, Bedford Park, IL)	116,665
8. Campus Dining requested permission to purchase a commercial Flight Type dishwasher for Neptune Hall. Price included add-ons and installation costs. (TriMark-Marlin, Bedford Park, IL)	216,301
9. University Marketing requested permission to issue an FY23 open order for marketing consultants to develop consistent and compelling NIU advertising for key campaigns for the period July 1, 2022 through June 30, 2023. (Simple Truth Communications, Chicago, IL)	229,402*
10. Founders Library requested permission to renew their annual group services subscription to ILLINET/OCLC for the period July 1, 2022 through June 30, 2023. (IL Heartland Library Systems, Edwardsville, IL)	163,155*
11. Founders Library requested permission to purchase hardware, software, and peripherals for the Science On Sphere exhibit which will be permanently on display in the library. (BWC Visual Technology, Upper Marlboro, MD)	186,840*
12. International Affairs requested an increase to their FY22 open order for study abroad program costs for students participating in the Salzburg College study abroad programs for the period through June 30, 2022. The original request was approved on the February 25, 2022 President's Report in the amount of \$115,000. An amendment was required to increase the open order to \$165,000.	165,000
13. The Convocation Center requested permission to issue an open order for security and event staff for special events being held at the center for the period through June 30, 2022. The original request was approved on the October 1, 2021 President's Report for \$84,765. An amendment was required to increase the open order to \$194,795. (Andy Frain, Aurora, IL)	194,795
14. The Provost Office requested permission to renew the software license subscription for Explorance Blue for the period July 1, 2022 through June 30, 2023. This is the course/instructor evaluation software used by academic units throughout campus. (Explorance Inc., Chicago, IL)	109,209*
15. Founders Library requested permission to purchase the SciFinder Academic Unlimited Access Plan, which provides unlimited anytime, anywhere access to substances, reactions, literature references and more all in one place. (Chemical Abstracts Services, Columbus, OH)	141,605*
16. Holmes Student Center requested permission to issue an FY23 open order for food and non-food items needed to operate Einstein Bagels for the period July 1, 2022 through June 30, 2023. (Kuna Foodservice, Dupo, IL)	122,500
17. Campus Dining requested permission to issue an FY23 open order for fresh produce needed to operate dining services for the period July 1, 2022 through June 30, 2023. This is the sixth year of a nine-year renewal option under Invitation for Bid (IFB) jmt16Produce. (Dalmares Produce Inc., Chicago, IL)	115,000
18. Athletics requested permission to enter into a five-year agreement for a ticketing hosting subscription for the period July 1, 2022 through June 30, 2027. (Paciolan, Jefferson City, MO)	200,000

19. Undergraduate Admissions requested to renew their annual subscription for processing admission applications through the Parchment Receive Premium Service for the period July 1, 2022 through June 30, 2025. (Parchment Inc., Scottsdale, AZ)	176,739*
20. Founders Library requested permission to purchase a three-year database license for Scopus, which provides access to reliable data, metrics and analytical tools for the period January 1, 2022 through December 31, 2024. (Elsevier Inc., Maryland Heights, MO)	164,832*
21. Research and Innovation Partnerships requested permission to renew their annual subscription for the electronic research administration system for the period July 1, 2022 through June 30, 2023. This system covers all facets of research administration and compliance within one software package from one vendor. This was the third of nine one-year renewal options. (InfoEd International Inc., Albany, NY)	104,360
22. Outreach, Engagement, and Regional Development requested permission to issue an FY23 open order for catering services for the period July 1, 2022 through June 30, 2023 for NIU Naperville campus. (Arbor Vitae Java & Juice, Naperville, IL)	125,000
23. The Division of Information Technology requested permission to renew the contract for Identify Management Software that is used to programmatically manage computing accounts for the entire university involving students and staff. The period coverage is August 1, 2022 through July 31, 2023. (Micro Focus Software Inc., Provo, UT)	115,000
24. Research and Innovation Partnerships requested permission to issue an FY23 open order for management services to be performed by the Northern Illinois Research Foundation for the period July 1, 2022 through June 30, 2023. (Northern Illinois Research Foundation, DeKalb, IL)	227,115
25. Finance and Treasury requested permission to pay the University's portion of the federal share of the cost of the Single Audit for the period ending June 30, 2022. (Office of the Auditor General, Springfield, IL)	120,321*
26. Campus Dining requested permission to issue an FY23 open order for paper products and cleaning chemicals needed to operate dining services for the period July 1, 2022 through June 30, 2023. (Gordon Food Service, Madison, WI)	130,000

Capital Improvement Projects:

1. Consolidation of off-campus art studios to Grant South: The effort will make use of underutilized space and eliminate lease expenses for these studios. Scope of work will include construction of partition walls to create new rooms for metal welding, a paint spray booth and electric kilns.	224,150*
2. Parking Lots P and 5 repairs: The scope of work at these lots, supporting Stevenson and Campus Life, include sections to be milled and repaved, sealcoating and restriping.	153,450
3. NIU Naperville campus parking lot repairs: This project repair scope will be focused on the southern portion of the front lot.	191,950

- | | |
|--|-------------------|
| 4. NIU Rockford campus parking lot repairs: This project will be the first phase of repairs and will be focused on the front portion of the lot and main entry driveway. | 184,400 |
| 5. New (Patterson) Hall East control valve replacement: This project will proactively replace the remaining approximately 130 valves to avoid future water damages as valves have continued to fail unexpectedly. | 235,000 |
| 6. Building exterior painting: Four buildings have been prioritized for exterior painting work: Human Resources Services, Physical Plant, Yordon Center and Monat Building. The scope of work will include necessary surface preparation and reapplication of appropriate paint coatings to extend the life of the building exteriors. | 170,800* |
| 7. Engineering and Health Services elevator repairs: The Engineering Building freight elevator will have a new control system installed along with associated door and cab operators and traveling cable. The Health Services building west elevator will have the hoist ropes replaced to ensure safe and uninterrupted operation. | 112,450 |
| 8. Zulauf Hall water infiltration repairs: The scope of work will include installation of new prefinished metal flashing and some masonry repairs in order to restore the exterior envelope of the building to a weather tight condition. | 145,400* |
| 9. Founders Memorial Library façade cleaning: This project is to clean, seal, and recaulk the limestone facades on the west and south faces of the building in order to mitigate water infiltration for the building exterior envelope. | 110,000* |
| 10. Psychology-Computer Science building renovation of 3 rooms: The scope of work for this project is to remodel and upgrade three existing rooms, two classrooms and one former DoIT computer lab, to serve as research lab spaces. | 220,800* |
| 11. Facility condition and needs assessment (FCNA): Required to determine and prioritize critical deferred maintenance repair requirements for the campus. The scope of work for this project will focus on 2.2M square feet of academic and research (General Revenue) buildings on campus. Subsequent assessment phases will be completed in future years as funding allows. | 248,650* |
| 12. East Heating Plant annual maintenance and repairs: The scope of work is to perform general annual maintenance on four boilers and installation of a new soft start, boiler controller, valve testing and RO membrane replacement. Split funded: Appropriated Funds \$97,675 and Revenue Bond \$97,675. | 97,675*
97,675 |
| 13. Swen Parson uninterrupted power system (UPS) replacement: Supporting the main data center, the current UPS is beyond its useful life and has exhibited unexpected failures in recent years. | 124,400 |
| 14. Altgeld Art Gallery ceiling repairs: Rooms 110, 111 and 115 have plaster degradation which requires stabilization. Any loose hanging debris from the plaster ceiling will be removed and a protective coating applied to prevent further damage. | 125,050* |
| 15. New (Patterson) Hall general wear/tear repairs: The work includes touching up hallways, student lounges, entry ways and other designated high visibility spaces as determined by Housing and Residential Services. | 190,000 |

***Appropriated Funds**

**ANNUAL SUMMARY REPORT ON
OBLIGATIONS OF FINANCIAL RESOURCES
FOR THE YEAR ENDED JUNE 30, 2022**

Category	Number of Transactions	Percentage	Dollar Volume	Percentage
\$0 to \$25,000 ¹	1883	83.32	\$ 10,269,361	14.05
\$25,001 to \$100,000 ¹	279	12.34	13,924,174	19.05
\$100,001 to \$250,000 ²	54	2.39	8,854,266	12.11
\$250,001 to \$500,000 ³	23	1.02	8,320,889	11.38
Over \$500,000 ³	21	.93	31,728,961	43.41
TOTAL	2260	100%	\$73,097,651	100%

The Annual Summary Report on the Obligation of Financial Resources is required by the *Board of Trustees Regulations* (Section V, Subsection B.5) and supplements the “Periodic Summary Report of Transactions” which is presented on a quarterly basis.

Transactions reported to and/or approved by the Board of Trustees throughout the fiscal year and those included in the Quarterly Summary Report of Transactions reflect the maximum approved amount that orders may not exceed. Pursuant to this authority, the Annual Summary Report outlined above reflects orders actually placed, including purchases, change orders, professional services, performance agreements and capital projects.

Transactions above do not include purchase card obligations. This report is as of July 10, 2022 and is subject to changes due to fiscal year-end close out.

¹ Authorizations for transactions less than \$100,000 are approved at the university level (above \$25,000 by the President).

² Authorizations for purchases and capital projects greater than \$100,000 and less than \$250,000 are approved by the President and periodically reported to the Board of Trustees.

³ Authorizations for purchases and capital projects exceeding \$250,000 are presented for approval by the Board of Trustees, unless exempt.