

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH · 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222



CHICAGO OFFICE:
STATE OF ILLINOIS CENTER · SUITE 4-100
100 WEST RANDOLPH STREET · 60601
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

594-60800-10

**EASTERN ILLINOIS UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEARS ENDED JUNE 30, 1994**

SYNOPSIS

- The University lacked adequate documentation to support its allocation of expenditures between State-appropriated funds and revenue bond funds. This finding has been repeated since 1991.
 - State-appropriated funds paid all \$122,300 in fire protection costs for the University. If building square footage calculations had been used as a basis for allocating the costs, then \$61,101 would have been charged to the revenue bond funds.
 - The University could not justify its allocation of business office expenses charged to State-appropriated funds. In Fiscal Year 1994, \$515,767 in business office payroll costs were paid from State appropriations. This represented a 36 percent increase in actual State appropriated expenditures in two years. It was not possible to determine the extent to which State-appropriated funds may have subsidized the revenue bonds for business office costs.
- The University's federally-funded Peacemeal Program lacked the required annual safety and health inspections for its food service sites. Out of 52 food service sites, 16 had no safety inspections on file, twelve had no health inspections on file, and twelve had health inspections which were over two-years old.

{Expenditures and Activity Measures are summarized on the reverse page.}

INTERNET ADDRESS: AUDITOR.GENERAL@ACCESSIL.COM

RECYCLED PAPER · SOYBEAN INKS

EASTERN ILLINOIS UNIVERSITY
INFORMATION FROM FINANCIAL AND COMPLIANCE AUDITS
For The Two Years Ended June 30, 1994

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1994	FY 1993
REVENUES		
Appropriations	\$ 37,006,599	\$ 36,083,900
Student tuition and fees	26,922,357	25,375,049
Grants, contracts, and gifts	9,323,591	10,233,507
Sales and services of educational departments	8,329,739	7,186,484
Auxiliary enterprises	18,925,198	18,274,649
Other	2,356,359	2,036,777
Total	<u>\$102,863,843</u>	<u>\$ 99,190,366</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 30,702,782	\$ 29,293,649
Research	306,956	373,095
Public services	6,681,637	6,294,982
Academic services	4,991,338	5,416,938
Student services	8,208,356	7,554,119
Institutional support	12,275,232	11,317,663
Operation of plant	14,372,201	13,840,171
Staff benefits	2,848,711	3,252,747
Scholarships and fellowships	3,821,995	4,696,547
Auxiliary enterprises	18,494,398	16,613,315
Other	420,424	564,713
Total	<u>\$103,124,030</u>	<u>\$ 99,217,939</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)		
	JUNE 30, 1994	JUNE 30, 1993
Cash and short-term investments	\$ 21,078,395	\$ 13,007,784
Investments	11,038,774	9,210,615
Buildings, land, and equipment	144,817,000	141,538,998
Accrued compensated absences	12,534,947	11,655,326
Revenue bonds payable	44,022,348	33,840,579
Fund balances (deficit):		
Unrestricted	(9,155,116)	(8,934,814)
Restricted	683,990	723,875
Loan	3,802,155	3,562,946
Endowment and similar	387,699	396,389
Net investment in plant	122,352,962	118,405,395
SUPPLEMENTARY INFORMATION		
	FY 1994	FY 1993
<u>Employment Statistics</u>		
Appropriated funds:		
Faculty/administrative	673.9	668.7
Civil service	429.1	441.4
Student employees and miscellaneous contracts	56.0	58.1
Nonappropriated funds:		
Faculty/administrative	64.9	66.1
Civil service	467.6	430.7
Student employees	256.6	265.1
Total Employees	<u>1,948.1</u>	<u>1,930.1</u>
<u>Selected Activity Measures</u>		
Annual full-time equivalent students	10,154	10,016
Full-time equivalent cost per student	\$5,525	\$5,447
Classroom utilization - maximum %	60.6%	60.6%
UNIVERSITY PRESIDENT		
During Audit Period: Dr. David L. Jorns		
Currently: Dr. David L. Jorns		

INTRODUCTION

This Digest summarizes information contained in the University's Compliance Audit (In Accordance with the Single Audit Act of 1984 and OMB Circular A-133) and Financial Report.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

STATE APPROPRIATED FUNDS SUBSIDIZE UNIVERSITY REVENUE BOND AND LOCAL FUNDS

The University lacked adequate documentation to support its allocation of expenditures between State-appropriated funds and revenue bond funds:

- State-appropriated funds paid \$122,300 in fire protection costs for the University. If building square footage had been used as a basis for allocating the costs, then \$61,101 would have been charged to the revenue bond funds.
- The University could not justify its allocation of business office expenses charged to State-appropriated funds. In Fiscal Year 1994, \$515,767 in business office payroll costs were paid from State appropriations. This represented a 36 percent increase in actual State appropriated expenditures in two years. During that time, total business office payroll costs rose only 14 percent. Due to a lack of supporting documentation, it is not possible to determine the extent to which State-appropriated funds may have subsidized the revenue bonds and/or local funds for business office costs. (Finding 2, page 10) **This finding has been repeated since 1991.**

Subsidies are not permitted by the 1982 University Guidelines. The University Guidelines were adopted jointly in 1982 by the Legislative Audit Commission and the State university governing boards. The Guidelines were intended to codify and improve the fiscal practices at State universities.

University management accepted and have partially implemented our recommendation to eliminate these subsidies and implement cost allocation plans which fairly distribute expenses between State-appropriated, revenue bond, and local funds. According to their response, the University has hired someone who will concentrate on the allocation of expenditures among all funding sources. In Fiscal Year 1995, the University began allocating fire protection costs between appropriated and revenue bonds. (For previous agency responses, see Digest Footnote 1.)

SAFETY AND HEALTH INSPECTIONS OF PEACEMEAL FOOD PROGRAM SITES

The University's federally funded Peacemeal Program lacked the required annual health and safety inspections for its food service sites. Out of 52 food service sites, 16 had no safety inspections on file, twelve had no health inspections on file, and twelve had health inspections which were over two-years old.

The Program manager was aware of the requirement to have current safety and health inspections on file. According to correspondence provided, the Program manager had repeatedly requested the required inspections from local health authorities.

The University concurred with our recommendation to continue seeking the proper health and safety inspections. (Finding 5, page 14.)

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by University officials. We will review the University's progress toward the implementation of our recommendations during our next audit.

The University's responses were provided by Mr. J. Marlyn Finley, Director of Business Services and Treasurer.

AUDITORS' OPINION

Our auditors state that the financial statements present fairly the financial position of Eastern Illinois University at June 30, 1994.



WILLIAM G. HOLLAND, Auditor General

WGH:JHL:jr
May 16, 1995

SUMMARY OF AUDIT FINDINGS

	<u>This Audit</u>	<u>1993 Audit</u>
Total Findings	5	19
Prior Recommendations Repeated	4	6*
Prior Recommendations Implemented or Not Repeated	15	8

* Includes two prior recommendations substantially expanded.

AUDITORS ASSIGNED

Our special assistant auditors on this engagement were Doehring, Winders & Co.

DIGEST FOOTNOTES

#1: STATE APPROPRIATED FUNDS SUBSIDIZE UNIVERSITY REVENUE BOND AND LOCAL FUNDS - Previous Agency Responses.

1993: "The University concurs with the recommendation. However, development of an equitable cost allocation system requires a great deal of effort.

The University will develop a plan to identify any subsidies, to eliminate or offset subsidies, and to establish procedures for keeping and correcting any changes that could affect subsidies between entities."

1991: "The University will develop documentation to support the reasonableness of the allocations to appropriated funds and revenue bond for Business Office salaries.

"Since 1979 the University's fire protection has been fully funded in the Board of Higher Education's recommended allocation of the Governor's Budget. The University believes this to be an acceptable funding method."