



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS COMMUNITY COLLEGE BOARD**

Compliance Examination  
 For the Two Years Ended June 30, 2016

Release Date: May 23, 2017

FINDINGS THIS AUDIT: 9	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	3	1	4	2012		16-07, 16-08	
Category 2:	1	4	5	2008	16-01		
Category 3:	0	0	0	2006		16-09	
TOTAL	4	5	9	1996		16-06	
FINDINGS LAST AUDIT: 7							

**SYNOPSIS**

- (16-01) The Board failed to exercise adequate control over its State property and equipment.
- (16-02) The Board did not maintain adequate control over the State's Career and Technical Education Formula Grant distributions to community college districts.
- (16-03) The Board did not comply with the terms and conditions of its Highway Construction Careers Training Program grant agreements.
- (16-04) The Board failed to comply with the State Prompt Payment Act.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS COMMUNITY COLLEGE BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

<b>EXPENDITURE STATISTICS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Expenditures.....</b>	<b>\$ 115,631,722</b>	<b>\$ 381,321,744</b>	<b>\$ 382,610,985</b>
OPERATIONS TOTAL.....	\$ 3,590,196	\$ 11,148,409	\$ 9,734,455
% of Total Expenditures.....	3.1%	2.9%	2.5%
Personal Services.....	1,094,315	1,148,889	1,060,043
Other Payroll Costs (FICA, Retirement).....	15,198	15,931	14,006
All Other Operating Expenditures.....	2,480,683	9,983,589	8,660,406
AWARDS AND GRANTS.....	\$ 112,040,526	\$ 370,173,335	\$ 372,876,530
% of Total Expenditures.....	96.9%	97.1%	97.5%
REFUNDS.....	\$ 1,000	\$ -	\$ -
% of Total Expenditures.....	0.0%	0.0%	0.0%
<b>Total Receipts.....</b>	<b>\$ 38,095,254</b>	<b>\$ 41,438,142</b>	<b>\$ 40,903,960</b>
<b>Average Number of Employees.....</b>	<b>44</b>	<b>47</b>	<b>44</b>

<b>SELECTED ACTIVITY MEASURES (Not Examined)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Fall Term Headcount Enrollment.....	316,155	336,102	351,570
Twelve-Month Unduplicated Headcount:			
Students Enrolled for Credit, Occupational and Vocational Programs.....	620,191	659,712	691,536
Students Enrolled in Non-Credit Courses.....	182,375	193,812	202,417
Percentage of Students Seeking a Degree or Certificate.....	53%	54%	54%
Pre-Baccalaureate Degree Completions:			
Male.....	33,077	32,106	30,711
Female.....	38,710	37,706	38,325

<b>EXECUTIVE DIRECTOR</b>
During Examination Period: Dr. Karen Hunter Anderson
Currently: Dr. Karen Hunter Anderson

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### PROPERTY CONTROL WEAKNESSES

The Illinois Community College Board (Board) failed to exercise adequate control over its State property and equipment.

The auditors noted several deficiencies and weaknesses within the Board's property control processes, some of which are noted below.

#### Segregation of Duties

During testing, the auditors identified one employee had the authority to perform the following parts of the equipment transaction cycle:

**Board lacked segregation of duties**

- **Custody** by maintaining the equipment records;
- **Recordkeeping** by updating and maintaining equipment records and preparing the Board's quarterly Agency Report of State Property (Form C-15) reports; and,
- **Reconciliation** by performing annual physical inventory to ensure the validity of the Board's equipment records.

#### Property Reporting

**Supporting documentation not maintained for quarterly Form C-15 reports**

- The Board did not maintain supporting documentation for additions and deletions reported on any of its seven quarterly Form C-15 reports filed with the Office of the State Comptroller on or before March 31, 2016. Further, this condition precluded the Board submitting a permanent record of its property to the Department of Central Management Services (CMS).
- The Board improperly reported transfers of surplus property to CMS in the fourth quarter of Fiscal Year 2016, totaling \$217,085, as deletions.
- The auditors were unable to reconcile the Board's equipment expenditures reported on the State Comptroller's Object Expense/Expenditures by Quarter Report (SA02) to the equipment reported on both the Board's quarterly Form C-15s and property listing.

**Unable to reconcile Comptroller records to quarterly reports**

#### Property Testing

During testing of 101 equipment items, the following problems were noted:

**Items could not be located**

- 43 (43%) items, totaling \$78,589, were located in a different geographical location than reported on the Board's property listing.
- Four items (4%), totaling \$1,024, were obsolete.
- Three (3%) items, totaling \$3,423, could not be located.

#### Expenditure Control

During testing of nine equipment and electronic data processing vouchers, the auditors noted the following:

**Items not added to property records or annual certification of inventory**

- Three of nine (33%) vouchers tested, totaling \$14,203, were for modular office equipment that was not added to the Board's property records or included in the Board's annual certification of inventory submitted to CMS.
- One of nine (11%) vouchers tested, totaling \$5,900, contained

**Computer items were not assigned a tag number**

\$5,450 in computer equipment items that were not assigned a tag number. (Finding 1, pages 10-14). **This finding has been repeated since 2008.**

We recommended the Board take action to strengthen its controls over the recording and reporting of its State property and equipment to provide assurance the Board is in compliance with applicable State laws and regulations. Further, we recommended the Board review its personnel involved with its property control process to ensure no single person has incompatible duties, including authorization, custody, recordkeeping, and reconciliation.

**Board officials agreed with auditors**

Board officials concurred with the finding and stated the Board is in the process of a full update/overhaul of the inventory system, procedures, and data. Additionally, Board officials stated they will assign staff accordingly and make it a priority to submit reports timely. (*For the previous Board response, see Digest Footnote #1.*)

### **WEAKNESSES IN STATE CTE GRANT DISTRIBUTIONS**

The Board did not maintain adequate controls over the State's Career and Technical Education (CTE) Formula Grant distributions to community college districts.

**Board has discretion for fund disbursements**

The CTE Formula Grant is based on occupational credit hours. As the CTE Formula Grant is a State grant and there is not a required grant allocation formula required by statute, the Board has discretion for how it distributes the funds. During Fiscal Year 2015, the allocation methodology used by the Board was equal to the higher of the most recent year's credit hours or the past three year's average credit hours.

**Board did not retain supporting documentation for how it calculated \$14 million distributed to districts**

The auditors requested and obtained support from the Board for the Board's allocation of distributions for a sample of nine CTE Formula Grants, totaling \$2,921,887. After reviewing and recalculating the Board's support for the allocation methodology stated above, the auditors noted that the Board appeared to have overpaid \$49,980 to eight (89%) of the community college districts' CTE Formula Grants tested. When the auditors inquired of the Board as to what caused the overpayment, Board management stated the allocations were based off alternative data which the Board did not retain. Since the Board did not retain the original support used to calculate the distributions, the auditors could not determine if the CTE Formula Grant funds were ultimately allocated and distributed properly.

**Auditors could not conclude if the Board properly allocated the grant**

The Board distributed a total of \$14,035,492 to community college districts during Fiscal Year 2015. The Board did not distribute any State CTE Formula Grants during Fiscal Year 2016 as a result of the Statewide budget impasse. (Finding 2, pages 15-16).

We recommended the Board implement controls to ensure complete and accurate documentation is maintained to support its distribution of State CTE Formula Grant funds. Additionally, we recommended, if any overpayments were made, the Board recoup overpayments to community colleges.

**Board agreed with auditors**

Board officials concurred with the finding.

### **NONCOMPLIANCE WITH HIGHWAY CONSTRUCTION CAREERS TRAINING PROGRAM GRANT AGREEMENTS**

The Board did not comply with the terms and conditions of its Highway Construction Careers Training Program (HCCTP) grant agreements.

**HCCTP grant funds are distributed by the Board**

In collaboration with the Federal Highway Administration, in an intergovernmental agreement between the Board and the Department of Transportation (IDOT), the HCCTP was initiated in an effort to increase access to highway construction jobs for minorities, women, and disadvantaged individuals. Funds for the HCCTP grant are allocated to colleges, selected by IDOT, that want to offer the program. The grant funds are then distributed to the colleges on an expenditure reimbursement basis.

During Fiscal Year 2015, the Board distributed \$5,356,202 in HCCTP grants to the selected community colleges. During Fiscal Year 2016, the Board distributed \$5,347,900 in HCCTP grants to the selected community colleges.

**Grantees did not submit quarterly progress reports**

During testing of the HCCTP grant agreements, some of the issues we noted were as follows:

- For 4 of 6 (67%) agreements tested, the grantees did not submit written quarterly progress reports to the Board by the 15<sup>th</sup> day of the month following the end of the quarter. The auditors noted the reports were either submitted between 44 to 175 days late or not submitted at all.

**Grantees did not provide required documentation to the Board**

- For six of six (100%) agreements tested, the grantees did not provide to the Board nor did the Board enforce the submission of certain required documentation as outlined in the HCCTP grant agreements.
- For two of six (33%) agreements tested, the Board reimbursed the grantees for expenses that were not eligible for reimbursement. The total overpayment of \$226 consisted of \$215 in overpaid stipends to students and \$11 in nonreimbursable taxes and gratuity costs.

**Grantees did not redact sensitive information, such as social security numbers**

- For three of three (100%) agreements tested, the grantees did not redact sensitive information from reimbursement documentation submitted to the Board. The auditors noted several instances of unredacted sensitive information, including employee identification numbers, patient identification numbers, date of births, addresses, phone numbers, taxpayer identification numbers, and social security numbers. (Finding 3, pages 17-19).

We recommended the Board ensure all reporting requirements are adhered to by its grantees and limit its reimbursement of grantee expenditures to costs allowable under the terms of the grant agreement.

**Board officials agreed with auditors**

Board officials concurred with the finding and stated the work has been reassigned.

## **NONCOMPLIANCE WITH THE STATE PROMPT PAYMENT ACT**

The Illinois Community College Board (Board) failed to comply with the State Prompt Payment Act (Act).

### **Interest was not calculated and paid**

During testing, the auditors noted the Board does not calculate and pay interest due to vendors as required by the Act, unless it is specifically requested by the vendor. As a result, the auditors were unable to determine how much, if any, interest the Board owed to vendors during the examination period.

The auditors were able to determine the Board had \$2,122,869 in expenditures during Fiscal Year 2015 and \$446,068 in expenditures in Fiscal Year 2016 which would have been subject to interest due under the Act if any of the vouchers were not paid within 90 days after the vendor submitted an eligible, proper bill to the Board.

### **Auditors unable to determine amount of interest owed**

As the Board does not calculate interest due under the Act unless specifically requested by the vendor, the Board does not know if it has accumulated any interest due under the Act. (Finding 4, pages 20-21)

We recommended the Board calculate and pay interest due to vendors as required by the Act.

### **Board officials agreed they did not comply with the Act, but did not agree with the finding**

Board officials agreed the Act was not followed; however, the Board did not agree that the finding is a material finding.

### **Auditor's Comment**

In an auditor's comment, we noted the Board agreed it did not comply with State law.

## **OTHER FINDINGS**

The remaining findings pertain to a failure to enforce reporting requirements and inadequate controls over GAAP reporting, receipts and refunds, initiating and monitoring grants, and personal services. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

**ACCOUNTANT’S OPINION**

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2016-001 through 2016-004. Except for the noncompliance described in these findings, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General’s staff.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:JV

**DIGEST FOOTNOTES**

**#1 – PROPERTY CONTROL WEAKNESSES – Previous Board Response**

2014: The Board concurs with the finding. The Board will undertake a full update/overhaul of the inventory system, procedures, and data. We will assign staff accordingly and make it a priority to submit reports timely.