



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GOVERNORS STATE UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2022**

Release Date: March 30, 2023

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	22-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

This digest covers the Governors State University’s (University) Financial Audit as of and for the year ended June 30, 2022. The University’s Single Audit covering the year ended June 30, 2022 was separately released. The University’s State Compliance Examination covering the year ended June 30, 2022, will be separately released at a later date.

SYNOPSIS

- **(22-1)** The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits plans was complete and accurate.

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.

GOVERNORS STATE UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2022

STATEMENT OF NET POSITION	2022	2021
Assets and Deferred Outflows of Resources		
Cash and cash equivalents.....	\$ 59,421,692	\$ 69,787,239
Accounts, grants, student loan, and other receivables and due from, net	11,206,396	11,337,946
Capital assets, net.....	115,466,293	112,087,377
Investments, Inventories, prepaid expenses, and other assets.....	7,981,908	1,783,694
Pension.....	237,831	123,363
Other postemployment benefits.....	915,091	369,740
Debt refundings.....	109,196	-
Total Assets and Deferred Outflows of Resources.....	<u>195,338,407</u>	<u>195,489,359</u>
Liabilities and Deferred Inflows of Resources		
Accounts payable and other accrued liabilities.....	10,758,631	8,275,555
Unearned revenues.....	2,716,516	3,603,633
Accrued compensated absences.....	4,337,994	4,458,633
Revenue bonds payable, net.....	21,131,093	21,262,947
Certificates of participation, net.....	17,646,599	19,415,615
Finance lease and Intangible asset payable.....	758,077	666,496
Refundable grants.....	2,102,905	2,475,051
Other postemployment benefits, deferred.....	10,256,491	10,992,586
Debt refundings.....	4,451	-
Total Liabilities and Deferred Inflows of Resources.....	<u>69,712,757</u>	<u>71,150,516</u>
Net Position		
Net investment in capital assets.....	80,449,670	79,293,531
Restricted, expendable.....	2,341,795	2,177,908
Unrestricted.....	42,834,185	42,867,404
Total Net Position.....	<u>\$ 125,625,650</u>	<u>\$ 124,338,843</u>
REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Revenues		
Tuition and fees, net.....	\$ 33,150,597	\$ 33,437,549
State appropriations.....	24,353,300	23,193,600
Federal grants and contracts	4,087,943	2,999,817
State and local grants or other grants.....	970,097	1,836,231
Nongovernmental grants and contracts or other grants.....	31,032,262	43,605,647
Nonoperating grants - Federal and State.....	26,722,337	22,447,185
Auxiliary enterprises.....	2,480,695	1,673,061
Capital appropriations and grants.....	2,429,185	2,567,116
Other revenues.....	1,998,017	1,419,494
Total	<u>127,224,433</u>	<u>133,179,700</u>
Expenses		
Instruction.....	49,464,551	56,192,513
Research.....	1,290,694	791,411
Public service.....	4,872,553	5,396,675
Academic support.....	8,896,422	9,325,384
Student services.....	11,609,981	9,425,671
Institutional support.....	19,880,765	19,976,310
Operation and maintenance of plant.....	9,945,099	10,032,843
Auxiliary enterprises.....	2,627,911	2,516,869
Student aid.....	10,996,154	8,635,464
Depreciation.....	4,991,581	4,702,200
Interest expense.....	1,361,915	1,710,887
Total	<u>125,937,626</u>	<u>128,706,227</u>
Change in net position.....	<u>\$ 1,286,807</u>	<u>\$ 4,473,473</u>
PRESIDENT		
During Audit Period and Currently: Dr. Cheryl F. Green		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER
CENSUS DATA**

**Internal controls over census data
need improvement**

The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During testing we noted the following:

**An initial complete reconciliation of
its census data had not been
performed and an annual
incremental reconciliation had not
been established**

- The University had not performed an initial complete reconciliation of its census data recorded by State Universities Retirement System (SURS) to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 24 instances of an active employee becoming inactive and 1 instance of an inactive employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred. (Finding 1, Pages 5-6) **This finding has been reported since 2020.**

**25 instances of member information
being reported to SURS after the
close of the fiscal year**

We recommended the University work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and the Department of Central Management Services' (CMS) actuary. In addition, we recommended, after completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Further, we recommended the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary

University agreed with the auditors

University officials agreed with the finding and stated the University has been working with SURS to address the issues identified.

AUDITOR'S OPINION

The auditors stated the financial statements of the University as of and for the year ended June 30, 2022 are fairly stated in all material respects.

This financial audit was conducted by Adelfia, LLC.

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:JGR