



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS COMMUNITY COLLEGE BOARD**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010**

**Release Date: May 12, 2011**

**Summary of Findings:**

<b>Total this audit:</b>	<b>6</b>
<b>Total last audit:</b>	<b>7</b>
<b>Repeated from last audit:</b>	<b>5</b>

**SYNOPSIS**

- The Illinois Community College Board (Board) did not exercise adequate control over the recording and reporting of its State Property.
- The Board did not have adequate controls over its contractual agreements.
- The Board failed to enforce compliance with the Rules and Regulations over timely submission of required informational reports and schedules.

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

**ILLINOIS COMMUNITY COLLEGE BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010**

<b>EXPENDITURE STATISTICS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Total Expenditures.....</b>	<b>\$ 416,120,721</b>	<b>\$ 393,855,548</b>	<b>\$ 402,608,913</b>
OPERATIONS TOTAL.....	\$ 68,895,675	\$ 7,867,427	\$ 6,648,592
% of Total Expenditures.....	16.6%	2.0%	1.7%
Personal Services.....	1,221,407	1,126,750	1,065,428
Other Payroll Costs (FICA, Retirement).....	16,197	14,598	14,155
All Other Operating Expenditures.....	67,658,071	6,726,079	5,569,009
AWARDS AND GRANTS.....	\$ 347,225,046	\$ 385,988,121	\$ 395,960,321
% of Total Expenditures.....	83.4%	98.0%	98.3%
<b>Total Receipts.....</b>	<b>\$ 43,977,113</b>	<b>\$ 46,234,332</b>	<b>\$ 46,759,488</b>
<b>Average Number of Employees.....</b>	<b>49</b>	<b>48</b>	<b>46</b>

<b>SELECTED ACTIVITY MEASURES (not examined)</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Fall Term Headcount Enrollment.....	383,960	357,157	347,277
Students Enrolled for Credit, Occupational and Vocational Programs.....	700,072	682,607	684,964
Students Enrolled in Non-Credit Courses.....	254,324	251,033	247,424
Percentage of Students Seeking a Degree or Certificate.....	49%	47%	44%
Pre-Baccalaureate Degree Completions, Male.....	23,224	22,537	22,030
Pre-Baccalaureate Degree Completions, Female...	29,829	28,778	29,292

<b>AGENCY DIRECTOR</b>	
During Examination Period:	Goeffrey S. Obrzut, President
Currently:	Goeffrey S. Obrzut, President

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **PROPERTY CONTROL WEAKNESS**

The Illinois Community College Board (Board) did not exercise adequate control over the recording and reporting of its State property. We noted the following:

#### **Inaccurate reporting to IOC**

- Two of eight (25%) Quarterly Reports of State Property (C-15's) prepared by the Board and submitted to the Office of the Comptroller did not accurately reflect the Board's equipment transactions. Two leased vehicles were recorded at the wrong amount and were misclassified.

#### **Incomplete reporting to DCMS**

- The Board did not include two vehicles on the Annual Inventory Certifications submitted to the Department of Central Management Services.
- The Board did not complete and submit the Accounting for Leases-Lessee Form (SCO-560) with the Office of the Comptroller for two copiers totaling \$65,500.

#### **One item could not be found**

- Equipment tested, totaling \$229,140, was not properly identified with a six digit identification number.
- Seven of 50 (14%) property items, totaling \$7,031 were located within the Board; however, the physical locations differed from the locations specific on the Board's property records. In addition, one item, totaling \$391 could not be located.
- The Board's property records do not contain enough information to determine whether the Board property items were added to their property records in a timely manner. (Finding 1, pages 9-10)

We recommended the Board strengthen controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. We also recommend the Board ensure all equipment is accurately and timely recorded on the Board's property records and properly tagged. Lastly, we recommend the Board thoroughly review all reports prepared from internal records for accuracy before submission to the State Comptroller.

#### **Board agreed with auditors**

Board management concurred with our finding and stated it has made corrections to inventory and recordkeeping to ensure compliance with statutory and regulatory compliance.

## **INADEQUATE CONTROLS OVER CONTRACTUAL AGREEMENTS**

The Board did not have adequate controls over its contractual agreements. We noted the following:

### **Contracts not complete**

- Three of 25 (12%) contracts, were incomplete and did not comply with laws, rules and regulations regarding contract content. Two of the three contracts did not contain the State Board of Elections Certification and one of the three contracts did not contain the Illinois Use Tax Certification.

### **CODs not properly completed**

- Eighteen of 25 (72%) contract obligation documents (COD), totaling \$5,185,823, were not properly completed. The CODs were missing required information on the award code for exemption from bidding. Therefore it was not clear why the procurements were exempt from a competitive procurement process.

### **Contracts not approved by DCMS**

- Two of 25 (8%) contracts, totaling \$150,355, were not approved by the Department of Central Management Services. One contract was for a server and one contract was for EDP professional and artistic services.
- Two of 25 (8%) contracts, totaling \$2,135,037, were not signed or approved in writing by all three required management personnel. The contracts were only approved by the Chief Executive Officer. (Finding 3, pages 12-14)

We recommended the Department strengthen controls to ensure contractual agreements and CODs are properly completed and approved and contain all required elements.

### **Board agreed with auditors**

Board management concurred with our finding and stated staff will continue to work to ensure contractual agreements and contract obligation documents are properly completed and contain all required elements.

## **STATE AND FEDERAL GRANT REPORTING BY ILLINOIS COMMUNITY COLLEGE DISTRICTS**

### **Informational reports not submitted to Board timely**

The Board failed to enforce compliance with the Rules and Regulations over timely submission of required informational reports and schedules. Informational reports and schedules are required to be prepared by the districts/colleges and submitted to the Board to provide data necessary to determine funding and to ensure the funds are being properly utilized. A few examples of informational reports and schedules include spring and fall enrollment surveys, square footage and acreage information, faculty and staff salary data and annual financial statements and notice of publication. These reports are due at various times throughout the year. We noted:

- 108 of 270 (40%) informational reports due in fiscal year 2009 were submitted to the Board between one and 314 days late. Six reports were not received by the end of our fieldwork.
- 89 of 270 (33) informational reports due in fiscal year 2010 were submitted to the Board between one and 188 days late. Six reports were not received by the end of our fieldwork. (Finding 5, page 17) **This finding was first reported in 1996.** (For the previous Department response, see Digest Footnote #1.)

We recommended the Board review the adequacy of their policies and procedures regarding the submission of audit reports and other required reports. We further recommend the Board continue to work with each district to ensure required reports are submitted timely.

**Board agreed with auditors**

Board management concurred with our finding and stated they will review procedures to determine if any other methods of enforcement can be used within the statutory guidelines.

**OTHER FINDINGS**

The remaining findings pertain to: 1) misallocation of grants to community college districts, 2) inadequate controls over its personal services function, and 3) failure to file its internal control certification for Fiscal Year 2010. We will follow up on these findings during our next examination of the Board.

**AUDITORS' OPINION**

We conducted a compliance examination of the Board as required by the Illinois State Auditing Act. The Board has no funds that require an audit leading to an opinion of financial statements.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JSC

**AUDITORS ASSIGNED**

This examination was performed by the Office of the Auditor General's staff.

**DIGEST FOOTNOTES**

**#1 – STATE AND FEDERAL GRANT REPORTING BY  
ILLINOIS COMMUNITY COLLEGE DISTRICTS –  
Previous Board Response**

2008: We concur with the finding. At this time the Board does not have any other power to enforce timely submissions other than through continuous follow-up. The Board will review and see if any other non-monetary methods of enforcement can be used within the statutory guidelines.