



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, 2018

Release Date: February 25, 2020

FINDINGS THIS AUDIT: 7	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2016		18-03	
Category 2:	2012	18-02	18-06	
Category 3:	2008	18-01		
TOTAL	2006		18-07	
	1996		18-04	

	New	Repeat	Total
Category 1:	0	2	2
Category 2:	1	4	5
Category 3:	0	0	0
TOTAL	1	6	7

FINDINGS LAST AUDIT: 9

SYNOPSIS

- (18-01) The Board did not exercise adequate control over its State property and equipment.
- (18-02) The Board did not exercise adequate controls over initiating and monitoring grant agreements.

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, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 343,556,488	\$ 430,785,808	\$ 115,631,722
OPERATIONS TOTAL.....	\$ 4,571,225	\$ 5,039,809	\$ 3,590,196
% of Total Expenditures.....	1.3%	1.2%	3.1%
Personal Services.....	2,684,412	2,622,486	1,094,315
Other Payroll Costs (FICA, Retirement).....	370,537	353,392	15,198
All Other Operating Expenditures.....	1,516,276	2,063,931	2,480,683
AWARDS AND GRANTS.....	\$ 338,985,263	\$ 425,660,586	\$ 112,040,526
% of Total Expenditures.....	98.7%	98.8%	96.9%
REFUNDS.....	\$ -	\$ 85,413	\$ 1,000
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 40,053,679	\$ 43,227,103	\$ 38,095,254
Average Number of Employees.....	45	46	44

SELECTED ACTIVITY MEASURES	2018	2017	2016
Fall Term Headcount Enrollment.....	293,417	304,173	316,155
Twelve-Month Unduplicated Headcount:			
Students Enrolled for Credit, Occupational and Vocational Programs.....	553,174	597,290	620,191
Students Enrolled in Non-Credit Courses.....	167,958	178,103	182,375
Percentage of Students Seeking a Degree or Certificate.....	52%	50%	53%
Pre-Baccalaureate Degree Completions:			
Male.....	30,590	32,911	33,077
Female.....	35,553	37,548	38,710

AGENCY DIRECTOR
During Examination Period: Dr. Karen Hunter Anderson (through 11/30/18), Dr. Brian Durham (effective 12/1/18) Currently: Dr. Brian Durham

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

PROPERTY CONTROL WEAKNESSES

The Illinois Community College Board (Board) did not exercise adequate control over its State property and equipment.

We noted several deficiencies and weaknesses within the Board's property control processes, as noted below:

Property Reporting

Discrepancies were identified between the Form C-15 and Board records

- The Board did not maintain adequate supporting documentation for additions reported on the *Agency Report of State Property* (Form C-15) filed with the Office of the State Comptroller (State Comptroller) for the quarter ended March 31, 2017. We identified \$80,218 in discrepancies between the Form C-15 and the Board's records of property additions.

Equipment expenditures were not recorded on the Board's property listing or Form C-15

- During reconciliation of the Form C-15s to the State Comptroller's *Object Expense/Expenditures Report* (SA02), we identified \$6,817 in equipment expenditures that were not recorded on the Board's property listing or reported on the Form C-15s.

A vehicle was not properly deleted from property records

- The Board did not properly delete a vehicle totaling \$14,900 from its property records. The vehicle was disposed of on April 2, 2018, and was still recorded on the Board's property listing as of June 30, 2018. Additionally, the Board did not record the disposition date or the correct cost of the vehicle on its listing of equipment deletions, resulting in a discrepancy of \$8,820.

Form SCO-560 was not filed

- The Board did not complete and file an *Accounting for Leases-Lessee Form* (Form SCO-560) for capital assets totaling \$22,645 leased in Fiscal Year 2018.

Property Testing

During testing of 120 equipment items, we noted the following:

Inaccuracies noted on property listing

- 13 (11%) items, totaling \$10,863, were located in a different geographical location than reported on the Board's property listing.
- Three (3%) items were not included in the Board's property listing.

Item did not have property tag

- One (1%) item did not have a property tag.

Items identified as obsolete

- During property testing, we identified 26 items, totaling \$150,882, as obsolete. (Finding 1, pages 10-12) **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.

Board officials accepted the finding

Board officials concurred with the finding and stated staff have drafted procedures for asset control and reporting and provided additional training to new staff. In addition, the Board stated it is testing an asset database to enhance internal controls over monitoring and reporting of State property. *(For the previous Board response, see Digest Footnote #1.)*

INADEQUATE CONTROLS OVER INITIATING AND MONITORING GRANTS

The Board did not exercise adequate controls over initiating and monitoring grant agreements.

We selected a sample of eight of the Board's grant programs active during Fiscal Year 2017 and Fiscal Year 2018 to test. These eight grant programs resulted in 42 grant agreements between the Board and various entities. During our testing, we noted the following weaknesses:

Agreements not signed prior to the start of the grant period

- For 24 of 42 (57%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grants were signed between 19 and 398 days late. In addition, we noted the Board did not date three (7%) agreements and did not provide a copy signed by the Board for one (2%) grant agreement.

Submission of required documentation not enforced, adequate record-keeping not maintained

- For 8 of 8 (100%) grant programs tested, the grantees either did not provide required documentation to the Board, required documentation did not meet the timeframes and/or specifications outlined in the grant agreement, or documentation was not retained by the Board to demonstrate the required documentation was received and met all related requirements. It is the Board's responsibility to enforce the submission of all required documentation and maintain adequate record-keeping over its grant programs. (Finding 2, pages 13-16). **This finding has been repeated since 2012.**

We recommended the Board ensure all reporting requirements are adhered to and ensure grant agreements are approved prior to the effective date of the agreement.

Board officials concurred with the finding. *(For the previous Board response, see Digest Footnote #2.)*

OTHER FINDINGS

The remaining findings pertain to inadequate controls over receipts, voucher processing, GAAP reporting and personal services and failure to enforce reporting requirements. 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, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2018-001 and Finding 2018-002. 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

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DIGEST FOOTNOTES

#1 – PROPERTY CONTROL WEAKNESSES – Previous Board Response

2016: The Board concurs with the finding. The Board is in the process of 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.

#2 – INADEQUATE CONTROLS OVER INITIATING AND MONITORING GRANTS – Previous Board Response

2016: The Board concurs with the finding; however due to the timing of receiving final appropriations, calculating grants amounts for the educational providers, and the beginning of the new fiscal year, it is not possible to be in compliance with the Act, without annually stopping education services and causing employees to be laid off temporarily. In Fiscal Year 2016, the Board did not send out grant agreements prior to receiving a budget. Based on language in both P.A. 99-0491 and P.A. 99-0524, all ICCB grant agreements allowed for prior expenditures to be charged to the grant.