



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

**Financial Audit and Compliance Examination (In
accordance with the Single Audit Act and OMB
Circular A-133)**

For the Two Years Ended: June 30, 2010

Release Date: March 10, 2011

Summary of Findings:

Total this audit: 6

Total last audit: 4

Repeated from last audit: 1

SYNOPSIS

- The University's Edwardsville campus does not formally document the supervisory review process related to the Return of Title IV Funds calculations.
- The University's Carbondale campus does not have adequate segregation of duties within the P-Card approval process. Certain P-Card holders have the ability to approve their own purchases through the on-line P-Card approval process.
- The University had not assured adequate security and control over access to or the proper disposal of confidential information.

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

SOUTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION AND SINGLE AUDIT
For The Year Ended June 30, 2010

FINANCIAL OPERATIONS	2010	2009
Operating Revenues		
Student tuition and fees, net.....	\$ 239,531,944	\$ 218,099,378
Auxiliary enterprises.....	106,461,946	101,904,522
Grants and contracts.....	109,919,427	96,641,516
Sales and services of educational activities.....	71,146,322	64,074,603
Other.....	41,093,270	45,039,227
Total Operating Revenues.....	\$ 568,152,909	\$ 525,759,246
Operating Expenses		
Instruction.....	\$ 314,929,274	\$ 289,171,449
Research.....	64,467,684	59,664,796
Public service.....	63,662,792	59,803,014
Academic support.....	149,910,775	138,461,274
Student services.....	68,648,632	61,967,394
Institutional support.....	69,255,532	70,590,503
Operation and maintenance of plant.....	78,274,816	74,428,518
Scholarships and fellowships.....	31,618,117	26,323,067
Auxiliary enterprises.....	96,071,371	90,532,186
Depreciation.....	40,542,476	38,504,959
Other.....	431,667	394,405
Total Operating Expenses.....	\$ 977,813,136	\$ 909,841,565
Operating Income (Loss).....	\$ (409,660,227)	\$ (384,082,319)
NONOPERATING REVENUES (EXPENSES)		
State appropriations.....	\$ 220,753,700	\$ 230,231,259
Capital appropriations, gifts and grants.....	5,329,861	6,291,033
On behalf payments of the University.....	178,405,918	134,261,429
Other, net.....	64,969,617	33,101,777
Total Nonoperating Revenues (Expenses).....	\$ 470,459,106	\$ 404,925,508
INCREASE (DECREASE) IN NET ASSETS.....	\$ 59,798,869	\$ 19,803,179
Net assets, beginning of year.....	\$ 486,052,453	\$ 466,249,274
Net assets, end of year.....	\$ 545,851,322	\$ 486,052,453

SUMMARY - BALANCE SHEET	2010	2009
Current Assets.....	\$ 254,145,530	\$ 240,977,805
Noncurrent Assets	808,020,171	765,365,154
Total Assets.....	\$ 1,062,165,701	\$ 1,006,342,959
Current Liabilities.....	143,538,405	131,778,840
Noncurrent Liabilities.....	372,775,974	388,511,666
Total Liabilities.....	\$ 516,314,379	\$ 520,290,506
Total Net Assets.....	\$ 545,851,322	\$ 486,052,453

EMPLOYMENT STATISTICS (unaudited)	FALL 2009	FALL 2008
Carbondale.....	7,304	7,171
Edwardsville.....	2,974	2,928
Total Employees.....	10,278	10,099

ENROLLMENT STATISTICS (unaudited)	FALL 2009	FALL 2008
Carbondale (Full-time and Part-time students).....	20,350	20,673
Edwardsville (Full-time and Part-time students).....	13,940	13,602
Total Enrollment.....	34,290	34,275

UNIVERSITY PRESIDENT
During Audit Period: Dr. Glenn Poshard
Currently: Dr. Glenn Poshard

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**DOCUMENTED CONTROLS OVER RETURN OF
TITLE IV FUNDS CALCULATIONS**

Supervisory reviews not documented

The Edwardsville campus does not formally document the supervisory review process related to the Return of Title IV Funds calculations.

**Improper amounts returned to the
U.S. Department of Education**

The University does not formally review the Return of Title IV script within their computer software used to calculate Return of Title IV Funds to the U.S. Department of Education. The Edwardsville campus improperly calculated 100% of Return of Title IV funds calculations during the year because the script used to calculate the return amount contained the incorrect amount of “total days” in the equation. The University mistakenly calculated all fall 2009 semester returns using 117 days instead of the proper 110 days. This resulted in the University improperly returning \$5,275 to the U.S. Department of Education in excess of the proper amount for the fall semester. The University mistakenly calculated all spring 2010 semester returns using 109 days instead of the proper 110 days. This resulted in the University not returning \$378 to the Department of Education in the spring semester. (Finding 2, page 13)

We recommended that a documented supervisory review of Return of Title IV Funds calculation be performed.

University agrees with auditors

University officials accepted our recommendation.

**INADEQUATE SEGREGATION OF DUTIES WITHIN
THE P-CARD APPROVAL PROCESS**

**P-Card approval process not
adequately segregated**

The Carbondale campus has inadequate segregation of duties within the P-Card approval process.

The Carbondale campus has 1,112 employees that are P-Card holders. A total of 70 of these cardholders (6%) are also authorized to approve their own P-Card purchases. Of these 70 cardholders who had the ability to approve their own purchases, we noted 23 approved at least one transaction during the fiscal year. There should be a clear segregation of duties within the P-Card purchasing process. No employee should be allowed to approve their own purchases. (Finding 5, page 16)

We recommended the University modify the P-Card system to disallow any purchaser from approving their own purchases.

University agrees with auditors

University officials accepted our recommendation and

stated the inadequate segregation of duties was noted by Internal Audit in late summer, and corrective action has been taken.

INADEQUATE CONTROL OVER ACCESS TO AND DISPOSAL OF CONFIDENTIAL INFORMATION

Controls over confidential information need to be improved

The University had not assured adequate security and control over access to or the proper disposal of confidential information.

While performing walkthroughs at the University, we noted the following:

Confidential or personal information found in unsecured boxes

School of Medicine

Documents containing confidential or personal information including names, social security numbers, addresses, and diagnosis were found in unsecured boxes designated for recycling or waste containers in several School of Medicine facilities. In addition, confidential and personal health-related information was not always shredded or maintained in lockable bins until shredding. A service was used to pickup and dispose of confidential information, but it was not shredded onsite. Security of information taken offsite could not be assured.

Cross-cut shredders not always used

Carbondale Campus

Cross-cut shredders were not always utilized to dispose of confidential and personal health-related information. A service was used to pickup and dispose of confidential information, but it was not shredded onsite. Security of information taken offsite could not be assured.

Lockable bins not always used

Edwardsville Campus

Lockable bins were not always used to safeguard confidential information prior to shredding.

In addition, University-wide procedures for addressing the security and disposal of confidential information were lacking, confidential information in electronic form was not assured of being adequately protected, and a formal risk assessment to identify all confidential information had not been performed. The University had experienced at least 10 security breaches since June 30, 2009. (Finding 6, pages 17-18)

We recommended the University review University-wide policies to assure procedures exist for ensuring confidential and personal information is adequately secured and properly disposed. In addition, the University should also perform a formal risk assessment to evaluate its computer environment and data maintained to assure adequate security controls.

University agrees with auditors

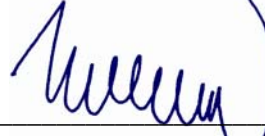
University officials accepted our recommendation.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next audit.

AUDITORS' OPINION

Our auditors stated the financial statements of the University as of June 30, 2010 and for the year then ended are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:GSR:pp

SPECIAL ASSISTANT AUDITORS

Crowe Horwath LLP were our special assistant auditors for this audit.