

**REPORT DIGEST**

**SOUTHERN ILLINOIS UNIVERSITY  
FINANCIAL AND COMPLIANCE AUDIT  
(In accordance with the Federal Single Audit Act  
of 1984 and OMB Circular A-133)  
FOR THE YEAR ENDED JUNE 30, 1994**

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

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **APPRAISAL NEEDED FOR NEW EDWARDSVILLE STADIUM**

The University did not record a donated fixed asset at appraisal value. The University received Olympic Stadium as a gift from the city of Edwardsville. The stadium was recorded at a value of approximately \$4.7 million based on an internal summary of costs. These costs were funded through an Illinois Capital Development Board appropriation of \$3.5 million, and \$1.2 million in individual donations for the stadium project collected by the Southern Illinois University at Edwardsville Foundation. The \$4.7 million recorded on the University's books reflected only the cash amounts paid to the general contractor for construction of the stadium. The recorded value did not include donated time and materials.

The University did not require an appraisal of the stadium because it assumed that cost approximated fair market value. The failure to obtain an appraisal could lead to inaccurate recording of donated fixed assets, and misstatements in financial statement reporting. (Finding 4, page 13 in State report)

We recommended the University obtain appraisals for all significant donated fixed assets, and that the assets be recorded as the appraised fair market value at the dates of the gifts.

University officials stated they accepted our recommendation, and are currently contracting for an appraisal of the Stadium.

### **PROBLEMS IN MONITORING SUBRECIPIENTS**

The University did not follow procedures to ensure all subrecipients of federal funds were audited. During our testing of procedures for monitoring subrecipients, we noted audit reports were sometimes not received. The University did not request audit reports from two subrecipients to whom the University passed through a total of \$258,830 in federal funds received from the U.S. Department of Education. Both subrecipients received over \$25,000 in federal financial assistance. The University, as primary recipient, is responsible for monitoring subrecipients to determine that they expend federal funds in accordance with federal laws and regulations. The University has procedures to monitor subrecipients, but apparently failed to request audit reports for the two large pass-through grants. (Finding 3, page 21 of the Federal report)

We recommended the University request and review audit reports from subrecipients who receive at least \$25,000 in federal awards.

University officials stated they have implemented our recommendation and have received audit reports from the two subrecipients.

## **OTHER FINDINGS**

The remaining findings are less significant and have been given appropriate attention by the University. We will review the University's progress towards the implementation of our recommendations in our next compliance audit.

Ms. Elaine Hyden, Executive Director of Audits, provided the University's responses.

Our 1994 audit of Southern Illinois University is presented in five volumes: State Compliance Audit; Federal Compliance Audit; Financial Audit; Housing and Auxiliary Facilities System Financial Audit; and Supplementary Financial Information Report. The State Compliance Audit presents ten compliance findings, and the Federal Compliance Audit presents three findings.

## **AUDITORS' OPINION**

Our auditors stated the June 30, 1994 financial statements of the University are fairly presented.

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WILLIAM G. HOLLAND, Auditor General  
WGH:KMM:pp

## **SUMMARY OF AUDIT FINDINGS**

<u>Number of This Audit</u>	<u>Prior Audit</u>
Audit findings	1312
Repeated audit findings	3 3
Prior recommendations implemented or not repeated	914

## **SPECIAL ASSISTANT AUDITORS**

Grant Thornton were our special assistant auditors assigned to the audit.

**SOUTHERN ILLINOIS UNIVERSITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**FOR THE YEAR ENDED JUNE 30, 1994**

<b>FINANCIAL OPERATIONS (CURRENT FUNDS)</b>	<b>FY 1994</b>	<b>FY 1993</b>
<b>REVENUES</b>		
State Appropriations	\$183,121,000	\$176,499,000
Student Tuition and Fees	83,855,000	87,046,000
Federal Grants	38,625,000	40,437,000
Grants and Contracts	34,784,000	32,961,000
Other Sources	54,702,000	49,022,000
Enterprise Sales	<u>43,900,000</u>	<u>42,851,000</u>
<b>Total</b>	<b><u>\$438,987,000</u></b>	<b><u>\$428,816,000</u></b>
<b>EXPENDITURES</b>		
Instruction	\$144,514,000	\$140,515,000
Research	29,695,000	26,421,000
Public Service	29,498,000	27,870,000
Academic Support	53,599,000	48,794,000
Operation of Plant	33,481,000	30,799,000
Other Services	112,189,000	108,348,000
Enterprise Expenses	<u>38,901,000</u>	<u>37,030,000</u>
<b>Total</b>	<b><u>\$441,877,000</u></b>	<b><u>\$419,777,000</u></b>
<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1994</b>	<b>FY 1993</b>
Cash and Investments	\$90,550,000	\$93,176,000
Campus Plant Facilities	\$676,866,000	\$634,930,000
Accrued Compensated Absences	\$38,883,000	\$37,021,000
Revenue Bonds Payable	\$54,468,000	\$55,683,000
Employees		
Carbondale	10,198	10,327
Edwardsville	<u>2,879</u>	<u>2,836</u>
Total Employees	<u>13,077</u>	<u>13,163</u>
Students		
Carbondale	20,052	20,902
Edwardsville	<u>8,069</u>	<u>9,307</u>
Total Students	<u>28,121</u>	<u>30,209</u>
Costs Per Student (Instruction Costs Only)	<u>\$ 5,139</u>	<u>\$ 4,651</u>
Classroom Utilization (Daytime Maximum)		
Carbondale	76%	74%
Edwardsville	75%	78%
<b>UNIVERSITY CHANCELLOR</b>		
During Audit Period: Dr. James M. Brown Currently: Dr. James M. Brown		