

REPORT DIGEST

WESTERN ILLINOIS
UNIVERSITY

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

(In accordance with the
Single Audit Act and
OMB Circular A-133)

For the Year Ended
June 30, 2009

Summary of Findings:

Total this audit	5
Total last audit	2
Repeated from last audit 1	

Release Date:
March 16, 2010



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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Office of the Auditor General
Illes Park Plaza
740 E. Ash Street
Springfield, IL 62703
(217) 782-6046 or TTY (888) 261-2887

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the worldwide web at
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SYNOPSIS

- The University did not accurately report student data to national databases as required by the Federal Pell Grant and Loan Programs.
- The University did not have adequate grant reporting procedures for one of the grants under the Adult Education State Grant Program.
- The University did not comply with the Board of Higher Education Act requirements for submission of capital improvement plans.

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

WESTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Year Ended June 30, 2009 (In Thousands)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	FY 2009	FY 2008
OPERATING REVENUES		
Tuition and fees, net	\$71,645	\$68,440
Grants and contracts	11,148	11,382
Sales and services of educational departments	5,810	4,378
Auxiliary enterprises, net	51,488	50,937
Other	3,313	3,571
Total Operating Revenues	\$143,404	\$138,708
OPERATING EXPENSES		
Instruction	\$59,987	\$57,647
Research	2,716	2,966
Public service	10,208	10,165
Academic support	18,568	16,542
Student services	20,630	19,871
Institutional support	12,716	12,600
Operation and maintenance of plant	15,906	15,970
Student aid expense	6,278	5,694
Auxiliary enterprises	43,258	43,242
Staff benefits	7,552	7,012
Depreciation	10,254	9,962
On-behalf payments and other expenses	38,589	35,395
Total Operating Expenses	\$246,662	\$237,066
Net Operating Loss	(\$103,258)	(\$98,358)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$97,017	\$93,692
Gifts	595	573
Investment income	749	2,701
Interest on capital asset – related debt	(1,551)	(2,072)
Other non-operating revenues	12,838	9,690
Total Non-operating and Other Revenues	\$109,648	\$104,584
INCREASE IN NET ASSETS	\$6,390	\$6,226
Net Assets, beginning of the year	119,215	112,988
Net Assets, end of the year	\$125,605	\$119,214
SUPPLEMENTAL INFORMATION (unaudited)	FY 2009	FY 2008
Employment Statistics		
Faculty and Administrative.....	1,152	1,144
Civil Service.....	850	849
Student Employees.....	<u>282</u>	<u>285</u>
Total Employees.....	<u>2,284</u>	<u>2,278</u>
Enrollment Statistics		
Fall term enrollment - undergraduate.....	10,380	10,806
Fall term enrollment –graduate.....	1,765	1,744
Fall term enrollment – extension.....	<u>1,030</u>	<u>781</u>
Total.....	<u>13,175</u>	<u>13,331</u>
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Alvin Goldfarb		
Currently: Dr. Alvin Goldfarb		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INACCURATE REPORTING OF STUDENT DATA

The University did not accurately report student data to national databases as required by federal Pell grant and loan programs. The auditors noted the following:

- Student withdrawal dates reported for 20 of 60 (33%) students tested differed from official records.
- For 3 of 35 (9%) student records reviewed, the University erroneously reported that information used to calculate an applicant's expected family contribution was verified, when it had not been.
- During spring 2009, 32 of 32 (100%) Pell disbursement dates reported to the federal government differed from University records.

University management stated these exceptions were due to clerical errors. (Finding 09-1, pages 16-18 in the Compliance Examination Report)

We recommended the University ensure the Student Financial Aid system provides accurate information as the source for system reports. Further, the Financial Aid Office should provide adequate oversight by reviewing the reports before submission.

University officials agreed with the finding and stated corrective action has been or will be implemented for each of the exceptions noted.

INADEQUATE GRANT REPORTING PROCEDURES

The University did not have adequate reporting procedures for one of the grants under the Adult Education State Grant Program passed through from the Illinois Community College Program.

Student withdrawal dates and Pell grant disbursement dates were inaccurate

University agrees with the auditors

Expenditures reported were understated \$37,200

Receivables of \$42,027 were not recorded

We noted the following during our testing:

- Total expenditures in a narrative report to the grantor were understated by \$37,200. The University could not support or account for the difference.
- The University did not record receivables totaling \$42,027 for program income generated from the grant.

University management stated the support used for report preparation was not maintained, and grant personnel were not aware of the University's accrual process for receivables. (Finding 09-2, pages 19-20 in the Compliance Examination Report)

We recommended the University develop procedures to ensure that grant program reports are accurately prepared, adequately supported, and staff are properly trained regarding accrual procedures.

University officials agreed with our finding and stated they will implement procedures to ensure narrative reports are accurately prepared.

University agrees with the auditors

NEED TO COMPLY WITH BOARD OF HIGHER EDUCATION ACT

The University did not comply with the requirements of the Board of Higher Education Act regarding the submission of capital improvement plans.

We noted 2 of 3 (67%) non-instructional capital improvement projects were not approved prior to making final commitments.

\$2.4 million of capital expenditures were not submitted for IBHE approval

The University did not seek the approval of the Illinois Board of Higher Education (IBHE) for a \$307,000 Bookstore remodeling project. In addition, the net excess costs of approximately \$2.1 million of capital improvements on a Student Recreation Center were not submitted for IBHE approval. The University did, however, obtain approval for \$4.0 million, but the

total cost of the project was approximately \$6.1 at June 30, 2009.

The Board of Higher Education Act (110 ILCS 205/8) requires State universities submit capital improvement budget proposals and plans for non-instructional facilities to IBHE for approval before final commitments are made.

University management deemed the Bookstore remodeling project an ordinary repair not requiring IBHE approval, and overlooked submission of Student Recreation Center additional costs to IBHE. (Finding 09-4, pages 22-23 in the Compliance Examination Report)

We recommended the University design monitoring procedures to ensure that all plans of non-instructional capital improvements are submitted to IBHE for approval prior to construction. Further, any significant subsequent revisions to the original plan should be submitted for approval.

University officials agreed with the finding and stated that the existing notification process will be enhanced to ensure that remodeling projects and revisions of previously approved projects will be submitted to IBHE for approval.

University agrees with the auditors

OTHER FINDINGS

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

AUDITORS' OPINION

Our auditors stated the financial statements of Western Illinois University as of June 30, 2009, and for the year then ended, are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

WGH:LKW:pp

SPECIAL ASSISTANT AUDITORS

E.C. Ortiz & Co., LLP were our special assistant auditors.