



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

WESTERN ILLINOIS UNIVERSITY

**SINGLE AUDIT AND
STATE COMPLIANCE EXAMINATION
For the One Year Ended: June 30, 2013**

Release Date: March 26, 2014

Summary of Findings:

• Compliance	6
• Financial Audit (released 1-16-14)	<u>1</u>
Total findings this audit:	7
Total last audit:	9
Repeated from last audit:	3

SYNOPSIS

This digest covers our Single Audit and compliance examination of the Western Illinois University for the year ended June 30, 2013. A financial audit as of and for the year ending June 30, 2013, was previously released on January 16, 2014. In total, this report contains seven findings, one of which was also reported in the financial audit released on January 16, 2014.

- The University's internal controls over contracts should be enhanced to ensure the agreements contain all necessary provisions and were timely filed.
- The University subsidized operations of University activities between accounting entities.

{Financial data is summarized on the reverse page.}

WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION AND SINGLE AUDIT
For the Year Ended June 30, 2013

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES	FY 2013	FY 2012
INCOME FUND REVENUES		
Registration fees.....	\$ 69,044,453	\$ 69,645,473
Other student charges.....	1,390,338	1,169,854
Extension.....	8,155,881	7,162,717
Tuition and fees waived, faculty and staff.....	(3,765,565)	(4,069,100)
Tuition and fees waived, students.....	(3,661,434)	(4,005,910)
Other.....	980,451	1,174,433
Total Revenues.....	72,144,124	71,077,467
INCOME FUND EXPENDITURES		
Personal services.....	52,034,908	49,209,983
Contractual services.....	7,931,902	7,382,161
Travel.....	865,178	873,857
Commodities.....	1,172,252	1,188,063
Library books and equipment.....	2,146,036	2,466,276
Operation of automotive equipment.....	107,679	64,131
Telecommunications.....	353,521	308,602
Awards, grants, and matching funds.....	1,762,247	1,418,988
FICA/Medicare.....	500,539	633,561
Permanent improvements.....	514,935	37,778
Employment security.....	17,932	12,316
Total Expenditures.....	67,407,129	63,595,716
EXCESS OF REVENUES OVER EXPENDITURES.....	\$ 4,736,995	\$ 7,481,751
SUPPLEMENTAL INFORMATION (unaudited)	FY 2013	FY 2012
Employment Statistics		
Faculty and Administrative.....	1,129	1,137
Civil Service.....	808	826
Student Employees.....	294	282
Total Employees.....	2,231	2,245
Enrollment Statistics		
Fall term enrollment - undergraduate.....	9,674	10,029
Fall term enrollment - graduate.....	1,533	1,629
Fall term enrollment - extension.....	998	896
Total.....	12,205	12,554
Cost Per Student (Unaudited)		
Cost Per Full-Time Equivalent Student.....	\$ 11,374	\$ 10,899
UNIVERSITY PRESIDENT		
During Examination Period: Dr. Jack Thomas		
Currently: Dr. Jack Thomas		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NEED TO IMPROVE CONTROLS OVER CONTRACTS

Contracts filed with the Comptroller before University management approval

The University had not established adequate internal controls over contracts to ensure they were executed and filed with the Illinois Office of the Comptroller (Comptroller) on a timely basis. During our review of contracts we noted the following:

Contracts executed after start date

- Ten of 21 (48%) large contracts (over \$250,000) tested were filed with the Comptroller 2 to 84 days prior to top management approval.
- Four of 21 (19%) large contracts tested were executed 85 to 88 days after the contract start date.
- Nine of 40 (23%) Contract Obligation Documents (CODs) filed with the Comptroller were not properly completed.
- One architectural and engineering contract tested did not include the required certificate of compliance.
- One of four (25%) multi-year contracts tested did not include a certificate of eligibility. (Finding 5, pages 24-27)
This finding was first reported in 2010.

Contracts missing required certifications

We recommended the University establish appropriate procedures to ensure all contracts, CODs, and related vendor certifications are properly completed, approved, and executed prior to the start of the services.

University agrees with auditors

University officials agreed with the finding and stated written procedures will be instituted to ensure compliance. (For the previous University response, see Digest footnote #1.)

SUBSIDIES BETWEEN ACCOUNTING ENTITIES

Subsidies totaled \$1.7 million and \$1.5 million

The University subsidized operations of University activities between accounting entities. Activities are functions which are self-supporting in whole or in part which are directly related to institutional, research or serviced units.

During our testing of compliance with the Legislative Audit Commission's University Guidelines, we noted the University Stores and Service Centers accounting entity had negative cash balances at the beginning and the end of the fiscal year totaling \$1.7 million and \$1.5 million, respectively. A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. (Finding 6, pages 28-29)

The University Guidelines of 1982, as amended in 1997 (Chapter 3, Section D, Part 1) states "There shall be no subsidies between accounting entities. Subsidies include cash advances and inter fund payables/receivables outstanding for more than one year".

We recommended the University annually review the activities of each accounting entity and ensure that fees charged for services are sufficient to cover expenditures and prevent subsidies.

University agrees with auditors

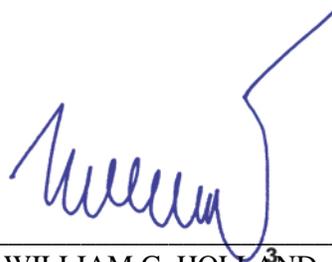
University officials agreed with the finding and stated they plan to contract with a consultant for an operations analysis.

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

The financial audit report was previously released. Our special assistant auditors stated the June 30, 2013 financial statements are fairly presented in all material respects.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written above a horizontal line.

WILLIAM G. HOLLAND
Auditor General

WGH:lkw

AUDITORS ASSIGNED

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

DIGEST FOOTNOTES

#1 CONTRACTING NONCOMPLIANCE - Previous University Response

The University agrees with the finding and will establish appropriate procedures to ensure that all contracts and related forms are properly completed, approved, and timely filed with the Comptroller. Further, the University will review the current contract bidding procedures to ensure that satisfactory evidence from contractors is collected and that only qualified bidders are awarded contracts.