



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

CHICAGO STATE UNIVERSITY

Single Audit and State Compliance Examination
For the Year Ended: June 30, 2013

Release Date: February 11, 2014

Summary of Findings this Audit Cycle:

• Compliance and Single Audit	15
• Financial Audit (previously reported 1-16-14) findings	TOTAL <u>1</u> 16
Summary of findings from previous audit cycle:	29
Findings repeated:	12

SYNOPSIS

- The University did not fully comply with the compliance requirements for matching and reporting related to its award from the Department of Health and Human Services and passed through to the City of Chicago.
- The University made Federal Supplemental Educational Opportunity Grant awards to students that were ineligible.
- The University miscalculated and remitted the incorrect amounts of Title IV funds for students who withdrew from classes to the U.S. Department of Education.
- The University did not fully comply with requirements applicable to its property and equipment.

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

CHICAGO STATE UNIVERSITY
SINGLE AUDIT AND COMPLIANCE EXAMINATION
For the Year Ended June 30, 2013

INCOME FUND REVENUES AND EXPENDITURES	2013	2012
Income Fund Revenues		
Tuition Revenue.....	\$ 41,818,852	\$ 43,995,444
Laboratory Fee.....	238,317	229,983
Late Registration Fee.....	66,400	90,200
NSF Check Fee.....	1,440	1,950
Deferred Payment Fee.....	53,907	38,479
Graduation Fee - Undergraduate.....	37,135	35,810
Graduation Fee - Graduate.....	17,600	13,292
Transcript Fee.....	71,708	79,160
Application Fee.....	102,989	147,361
Interst Income.....	11,562	14,414
Miscellaneous Other Income.....	12,608	206,017
Total Income Fund Revenues.....	\$ 42,432,518	\$ 44,852,110
Income Fund Expenditures		
Personal Services.....	\$ 23,718,572	\$ 22,009,486
SURS Retirement.....	18,128	30,942
Social Security.....	1,045,925	500,983
Contractual Services.....	10,913,019	5,820,836
Travel.....	475,345	513,168
Commodities.....	2,380,403	1,873,329
Equipment and Library Books.....	3,985,388	2,090,376
Telecommunications.....	742,175	184,067
Operation of Automotive Equipment.....	63,059	54,807
Permanent Improvements.....	1,367,715	1,787,767
Awards, Grants, and Matching Funds.....	1,295,596	757,396
Tuition and Fee Waivers.....	2,668,421	2,536,677
Other Expenditures.....	1,483,974	1,621,340
Total Income Fund Expenditures.....	\$ 50,157,720	\$ 39,781,174
SUPPLEMENTARY INFORMATION (UNAUDITED)	2013	2012
Employment Statistics		
Faculty and staff.....	914	856
Students.....	234	260
Total Employees.....	1,148	1,116
Enrollment Statistics		
Head Count:		
Undergraduate.....	4,367	4,688
Graduate.....	1,454	1,574
Total Head Count.....	5,821	6,262
Institutional cost per student.....	\$ 9,494	\$ 7,435
Credit Hours:		
Undergraduate.....	108,056	122,359
Graduate.....	30,440	32,573
Total Credit Hours.....	138,496	154,932
PRESIDENT		
During Audit Period and Current: Dr. Wayne Watson		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NEED TO IMPROVE COMPLIANCE WITH THE
REQUIREMENTS RELATED TO THE HEAD START
CLUSTER PROGRAM**

The University did not fully comply with compliance requirements for matching and reporting related to its award from the Department of Health and Human Services and passed through to the City of Chicago for the Head Start Cluster Program.

We examined six reports for two separate awards and noted the following:

Unable to locate documents

- The Non-Federal Share (In-Kind) Report for award number 25068 submitted for November 2012 reported in-kind contributions for the month of \$1,780. The University, however, could only substantiate \$235 (a difference of \$1,545). The University was unable to locate documents relating to the difference.
- The Non-Federal Share (In-Kind) Report for award number 25069 submitted for November 2012 reported in-kind contributions for the month of \$1,651. The University, however, could only substantiate \$1,043 (a difference of \$608). The University was unable to locate documents relating to the difference.

The University did not fully satisfy the In-Kind matching required by the grantor in the award budget summaries. We specifically noted the following:

Failure to satisfy the In-Kind Match

Award Number	Program In-Kind Required	Program In-Kind Reported
25068	\$84,677	\$52,343
25069	\$19,612	\$17,632

Award Number	Administrative In-Kind Required	Administrative In-Kind Reported
25068	\$47,715	\$3,945
25069	\$0	\$12,735

Failure to comply with Federal requirements may result in disallowed program costs and could jeopardize future Federal funding. (Finding 2, pages 22-23)

We recommended the University improve its procedures to ensure that the University complies with all requirements applicable to its Federally funded programs.

University agrees with auditors

University officials agreed with the recommendation and stated they have developed written procedures and workflows that will allow for proper document retention of time sheets for non-employee volunteers.

IMPROVEMENTS NEEDED FOR THE AWARDING OF FINANCIAL AID TO STUDENTS

The University made Federal Supplemental Educational Opportunity Grant (FSEOG) Awards to students that were ineligible.

Two students were not eligible for FSEOG

We tested the eligibility of 60 students receiving student financial assistance (including 37 students who received a Federal Pell Grant (Pell)) and noted that six of the 60 students received FSEOG awards. Our testing disclosed two students who received \$1,800 of FSEOG awards but were not eligible for those FSEOG awards. (Finding 3, page 24)

This finding was first reported in 2010.

We recommended the University improve its controls to ensure that each student meets the eligibility requirements prior to awarding aid.

University agrees with auditors

University officials agreed with the recommendation and stated that they have implemented a corrective action plan to improve its controls by conducting monthly monitoring to ensure FSEOG awards are cancelled if the student does not meet the eligibility for Pell. (For the previous University response, see Digest Footnote #1.)

INADEQUATE CONTROLS OVER THE RETURN OF TITLE IV FUNDS

The University miscalculated and remitted the incorrect amount of Title IV Funds for students who withdrew from classes to the U.S. Department of Education (ED).

Our review of 60 students who withdrew from classes revealed the following:

Errors in the calculation

- Three refund calculations were incorrect because the University did not use the correct withdrawal date. These three calculations included students that did not provide official notification of their withdrawal to the University. These refunds owed to ED totaled \$2,837.

Refund was returned 143 days late

- One refund totaling \$1,690 was not returned within 45 days. The refund was returned 188 days after determination (143 days late). (Finding 4, pages 25-26)
This finding was first reported in 2010.

We recommended the University implement adequate internal controls to ensure that all calculations are accurate and that refunds are made to ED in a timely manner.

University agrees with auditors

University officials agreed with the recommendation. (For the previous University response, see Digest Footnote #2)

INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

The University did not fully comply with requirements applicable to its property and equipment.

197 items of missing equipment totaling \$248,825

We reviewed the University's property inventory certification as of March 31, 2013 that was submitted to the Department of Central Management Services (DCMS). The inventory certification to DCMS reported 197 items (\$248,825) of equipment that could not be located by the University. These assets were acquired by the University during the current year as well as past fiscal years.

Unable to determine if missing computers contained confidential information

Included in this missing equipment were 132 computers, servers, CPU's or other electronic storage devices. In addition, the University did not perform a detailed assessment and therefore was unable to determine whether the missing computers contained confidential information.

In addition, we noted 6 additional computers that were reported as stolen from the University (totaling \$8,040) and 3 CPUs (totaling \$3,744) deleted during the year as lost for which a detailed assessment was not completed and therefore the University is unable to determine whether the missing computers contained confidential information. (Finding 12, pages 38-39)

We recommended the University perform a detailed assessment of the types of data that reside on all University computers and electronic storage media so that it can determine if any computers or electronic storage media that come up missing had confidential information. We further recommended the University strengthen its controls over the accountability of University equipment and adhere to its procedures applicable to property and equipment records and management.

University agrees with auditors

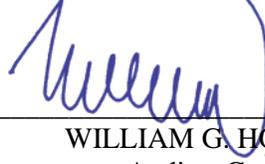
University officials agreed with the recommendation and stated that they will provide training to the Fiscal Officer community that reinforces the process governing asset movement.

OTHER FINDINGS

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

AUDITORS' OPINION

The financial audit reports were previously released. Our auditors state the June 30, 2013 financial statements are fairly presented in all material respects.



WILLIAM G. HOLLAND
.. Auditor General

WGH:TLK:

SPECIAL ASSISTANT AUDITORS

Borschnack, Pelletier & Co. were our special assistant auditors.

DIGEST FOOTNOTE

#1 IMPROVEMENTS NEEDED FOR THE AWARDING OF FINANCIAL AID TO STUDENTS – Previous University Response

The University agrees with the recommendation and has implemented a corrective action plan to meet the standards of the regulation. As such, reports will be run monthly by a Financial Aid staff member or Assistant Director to ensure that students who have a default code attached to their record, and have funds paid out, have the proper documentation in their file to justify the override which enabled funding to be applied to the student's account. Reports will be reviewed by at least two qualified members of the Financial Aid staff, including an Assistant Director. Should a discrepancy in the student's record be found in the report, the student will be notified of this discrepancy and required to provide needed information. A Financial Aid staff member will correct the discrepancy and adjust the student's record in the Banner system. The monthly report and documentation of any corrected discrepancy will be submitted to the AVP of Enrollment Management by the 5th of every month for review.

**#2 INADEQUATE CONTROLS OVER THE RETURN OF
TITLE IV FUNDS – Previous University Response**

The University agrees with the recommendation and has instituted a corrective action plan to ensure that all calculations are accurate and that refunds are made to the Department of Education timely. Staff has received mandatory training on the Return of Title IV Funds procedures to meet the standards of the regulation. Additionally, the University will have increased monitoring by compliance staff members to ensure that the regulations are being performed accurately. Lastly, the University will continue to improve the automation of the Return of Title IV Funds process to increase compliance.