



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**BOARD OF HIGHER EDUCATION**

State Compliance Examination  
 For the Two Years Ended June 30, 2023

Release Date: July 16, 2024

FINDINGS THIS AUDIT: 17				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>3</b>	<b>2</b>	<b>5</b>	2021	<b>23-02</b>	23-06, 23-10, 23-11, 23-13, 23-14	
Category 2:	5	6	11	2019		23-16	23-07
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>	2013	<b>23-03</b>		
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>17</b>				
<b>FINDINGS LAST AUDIT: 11</b>							

**SYNOPSIS**

- **(23-01)** The Board’s internal controls over its voucher processing function were not operating effectively during the examination period.
- **(23-02)** The Board’s internal controls over its receipt processing function were not operating effectively during the examination period.
- **(23-03)** The Board did not exercise adequate controls over the recording and reporting of State property.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**VOUCHER PROCESSING INTERNAL CONTROLS  
NOT OPERATING EFFECTIVELY**

The Board of Higher Education's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

The Board implemented the Enterprise Resource Planning System (ERP) effective Fiscal Year 2023.

Fiscal Year 2022

Non-Payroll Expenditures:

During our testing of 25 vouchers totaling \$324,193, we noted the following:

**Missing supporting vendor invoices**

- Two (8%) of the vouchers tested, totaling \$12,080, were not supported with the vendors' invoices.

**Vouchers approved late**

- Nine (36%) of the vouchers tested, totaling \$110,682, were approved for payment between two to 282 days late.

**Required interest not paid**

- Two (8%) vouchers tested, totaling \$29,311, were paid late and the Board did not pay interest owed to the vendors, totaling \$1,736.

Awards and Grants Expenditures:

During testing of 30 awards and grants vouchers totaling \$1,483,042, we noted the following:

**Voucher missing approval**

- One (3%) of the vouchers tested, totaling \$23,959, had no approval from the Board or head designee.

**Late voucher approval**

- Four (13%) of the vouchers tested, totaling \$305,149, were approved for payment between 34 to 111 days late.

Fiscal Year 2023

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's Enterprise Resource Planning (ERP) System based on supporting

documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or receipt date of the goods and/or services.

**Attributes not entered into ERP correctly.**

Our testing noted the following attributes were not properly entered into the ERP system. Therefore, the Board's internal controls over voucher processing were not operating effectively.

- 14 of 140 (10%) general vouchers
- 5 of 120 (4%) awards and grants vouchers

Due to this condition, we qualified our opinion because we determined the board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Board's expenditures data for the fiscal year 2023 and noted the following noncompliance:

**Interest not paid to vendors**

- The Board owed five vendors interest totaling \$1,009 in fiscal year 2023; however, the Board had not approved these vouchers for payment to the vendors.

**Vouchers not timely approved**

- The Board did not timely approve 295 of 327 (90%) vouchers processed during the examination period, totaling \$10,035,537. We noted these late vouchers were approved between 1 and 324 days late. (Finding 1, pages 13-16)

We recommended the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommended the Board approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors. Furthermore, we recommended the Board ensure interest due is paid to vendors.

**Board officials accepted our recommendations**

The Board agreed with the finding and stated it has obtained additional training and hired additional staff to ensure vouchers are processed properly in the State ERP system.

**RECEIPT PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY**

The Board's internal controls over its receipt processing function were not operating effectively during the examination period.

Fiscal Year 2022

**Receipt date not documented**

During testing of four refund receipts, we noted one of four (25%) refund receipts tested, totaling \$15,000, did not have the date when the receipt was received by the Board. As such, we were unable to determine if the Board deposited the receipts in a timely manner.

Fiscal Year 2023

Due to our ability to rely upon the processing integrity of the Enterprise Resource planning system (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our receipt testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP system based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

**Receipt attributes not properly entered into the ERP system**

During our testing of 28 receipts during the year, we noted 79 of 140 (56%) attributes were not properly entered into the ERP system. Therefore, the Board's internal controls over receipt processing **were not operating effectively.**

**Refund attributes not properly entered into the ERP system**

In addition, during our testing of 20 refund receipts during the year, we noted 32 of 80 (40%) attributes were not properly entered into the ERP system. Therefore, the Board's internal controls over receipt processing **were not operating effectively.**

Due to this condition, we qualified our opinion because we determined the Board had not complied in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Board's receipts data for fiscal year 2023 and noted the Board's receipts data did not document the date on which the payment was received for 1180 of 1203 (98%) receipts. As such, we were unable to determine if the Board deposited the receipts in a timely manner. (Finding 2, pages 17-19)

**Payment receipt date not documented**

We recommended the Board design and maintain internal controls to provide assurance that its data entry of key attributes into ERP is complete and accurate.

**Board officials accepted our recommendation**

The Board agreed with the finding and stated it has obtained additional training to ensure vouchers are processed properly in the state ERP system.

**INADEQUATE CONTROLS OVER STATE PROPERTY**

The Board of Higher Education (Board) did not exercise controls over the recording and reporting of State property.

During testing of C-15 Reports, annual inventory certification, and general vouchers, we noted the following:

**Form C-15 submitted late**

- One of eight (13%) Agency Reports of State Property (Form C-15) was not timely filed with Office of Comptroller (Comptroller). The report was filed 87 days late.

**Inaccurate property listing submitted to CMS**

- The Board did not take appropriate measures to verify the property listing submitted to the Department of Central Management Services (CMS) was accurate. We noted the amounts reported on the property listing submitted to CMS did not agree with the December 2021 and December 2022 Form C-15s, with discrepancies of \$40,829 and \$5,102 respectively. In addition, the December 2021 Inventory Certification Report was submitted 89 days late to CMS.

**Detailed property records did not agree with Form C-15**

- The detailed property records provided by the Board did not agree with the Form C-15 report filed with the Office of Comptroller for the fourth quarter of Fiscal Year 2023. A difference of \$38,417 was noted.

**Supporting invoice not provided**

- One of Six (17%) equipment items, purchased, totaling \$2,258, the Board was unable to provide the supporting invoice. As a result, we were unable to determine if asset was recorded at its proper value in the Board's property control records.

Some of the more significant issues noted during testing of 56 equipment items, split between a sample of 28 items traced from the Board's property listing and 28 items in service at the Board, are as follows:

**Unable to locate property items**

- Four of 28 (14%) equipment items selected from the Board's property listing, totaling \$7,085, were unable to be located.

**Equipment items not included on inventory records and reports**

- Twenty-two of 28 (79%) equipment items selected at the Board were not included on the Board's inventory records. Twenty-one (75%) of these items were also not included on the annual inventory report submitted

to CMS. (Finding 3, pages 20-22) **This finding has been reported since 2013.**

We recommended the Board strengthen its internal controls and ensure reports are complete and filed timely. Further, we recommended the Board maintain accurate property control records.

**Board officials accepted our recommendation**

The Board agreed with the finding and stated it will strengthen its internal controls and ensure reports are complete and filed timely. The Board further stated it will also maintain accurate property control records.

**OTHER FINDINGS**

The remaining findings are reportedly give attention by the Board. We will review the Board's process toward the implementation of our recommendations during the next examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Board for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2023-001 through 2023-005. Except for the noncompliance described in those findings, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth & Co. LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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