



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS COMMUNITY COLLEGE BOARD

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

Release Date: February 6, 2013

Summary of Findings:

Total this audit:	10
Total last audit:	6
Repeated from last audit:	4

SYNOPSIS

- The Illinois Community College Board (Board) did not exercise adequate control over the recording and reporting of its State property and equipment.
- The Board misallocated grants to community college districts paid from the Base Operating Grants.
- The Board failed to enforce compliance with the Rules and Regulations over timely submission of required informational reports and schedules.
- The Board did not have adequate controls over its personal services functions.

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

**ILLINOIS COMMUNITY COLLEGE BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

EXPENDITURE STATISTICS	2012	2011	2010
Total Expenditures.....	\$ 404,368,260	\$ 404,971,974	\$ 416,120,721
OPERATIONS TOTAL.....	\$ 14,331,530	\$ 57,838,319	\$ 68,895,675
% of Total Expenditures.....	3.5%	14.3%	16.6%
AWARDS AND GRANTS.....	\$ 390,036,730	\$ 347,133,655	\$ 347,225,046
% of Total Expenditures.....	96.5%	85.7%	83.4%
Total Receipts.....	\$ 43,811,783	\$ 43,027,759	\$ 43,977,113
Average Number of Employees (not examined)....	50	48	49

SELECTED ACTIVITY MEASURES (not examined)	2012	2011	2010
Fall Term Headcount Enrollment.....	372,566	379,736	383,960
Students Enrolled for Credit, Occupational and Vocational Programs.....	716,797	730,335	700,072
Students Enrolled in Non-Credit Courses.....	233,022	254,675	254,324
Percentage of Students Seeking a Degree or Certificate.....	54%	52%	49%
Pre-Baccalaureate Degree Completions, Male.....	26,625	24,620	23,224
Pre-Baccalaureate Degree Completions, Female.....	34,913	32,264	29,829

AGENCY DIRECTOR	
During Examination Period:	Geoffrey S. Obrzut, President
Currently:	Geoffrey S. Obrzut, President

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

PROPERTY CONTROL WEAKNESS

The Illinois Community College Board (Board) did not exercise adequate control over the recording and reporting of its State property and equipment. We noted the following:

Equipment items totaling \$314,594 not added to property control records

- Equipment additions, totaling \$314,594, were not added to the Board's property control records.
- Board property records did not have correct locations listed for its equipment items. We noted three items totaling \$1,953 where the physical location differed from the location specified on the property records.
- Board property records do not contain enough information to determine whether property records were updated in a timely manner.
- One of eight (13%) Agency Report of State Property was submitted to the Office of the Comptroller late. (Finding 1, pages 9-10) **This finding was first reported in 2008.**

Untimely reporting to Office of the Comptroller

We recommended the Board strengthen controls over the recording and reporting of State property and equipment by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. We also recommended the Board ensure all equipment is timely recorded on the Board's property records.

Board agrees with auditors

Board management concurred with our finding and stated the Board will add a new data element to the inventory records to include date inventory was tagged, will work with staff to develop a process to record equipment location changes when staff trade inventory items/equipment, and will reallocate resources to ensure reports are submitted timely. *(For the previous Board response, see Digest Footnote #1.)*

INACCURATE GRANT CALCULATIONS USED

The Board misallocated grants to community college districts paid from the Based Operating Grants.

Fiscal Year 2011 and 2012 Base Operating Grant allocations were inaccurate

We noted the Board was appropriated \$198,811,000 for both Fiscal Year 2011 and 2012 for Base Operating Grants. The Board's Base Operating Grant allocation was inaccurate for Fiscal Year 2011. For Fiscal Year 2012, the Board elected to hold Fiscal Year 2012 allocations at the Fiscal Year 2011 amounts; therefore, the Fiscal Year 2012 allocations were incorrect for the same amount as the Fiscal Year 2011 allocations. The Board's Base Operating Grant consists of two

Overpayments and underpayments were made

components (Square Footage and Credit Hour). Component information is provided by various reports and the respective external audits performed annually at each community college. The Credit Hour component of the grant was calculated incorrectly. Specifically, the Adjusted State Total Unit Cost formula line was incorrect causing the Weighted Cost and Effective Credit Hour rates to be improperly computed. The errors in the formula line caused misallocations to each district resulting in overpayments ranging from \$16 to \$12,615 and underpayments ranging from \$228 to \$6,485. The total dollar appropriation amount distributed for the credit hour grant remained the same. (Finding 2, pages 11-12) **This finding was first reported in 2008.**

We recommended the Board ensure proper calculations are used in awarding grant amounts for the appropriate college districts.

Board agrees with auditors

Board management concurred with our finding and stated the Board and community college system determined this component of the formula is no longer relevant and it was removed from the formula. *(For the previous Board response, see Digest Footnote #2.)*

STATE AND FEDERAL GRANT REPORTING BY ILLINOIS COMMUNITY COLLEGE DISTRICTS

Informational reports not submitted to Board timely

The Board failed to enforce compliance with the Rules and Regulations over timely submission of required informational reports and schedules. Informational reports and schedules are required to be prepared by the districts/colleges and submitted to the Board to provide data necessary to determine funding and to ensure the funds are being properly utilized. A few examples of informational reports and schedules include spring and fall enrollment surveys, square footage and acreage information, faculty and staff salary data and annual financial statements and notice of publication. These reports are due at various times throughout the year. We noted:

- 49 of 135 (36%) informational reports due in Fiscal Year 2011 were submitted to the Board between one and 157 days late. Six reports were not received by the end of our fieldwork.
- 57 of 135 (42%) informational reports due in Fiscal Year 2012 were submitted to the Board between one and 215 days late. Nine reports were not received by the end of our fieldwork. (Finding 3, pages 13-14) **This finding was first reported in 1996.**

We recommended the Board review the adequacy of their policies and procedures regarding the submission of audit reports and other required reports. We further recommend the Board continue to work with each district to ensure required

reports are submitted timely.

Board agrees with auditors

Board management concurred with our finding and stated they are currently preparing changes to be taken to the Joint Committee on Administrative Rules to eliminate some unnecessary reports and to change the due dates of some reports. The Board also stated they will continue to work with the colleges to remind them of necessary reporting deadlines. *(For the previous Board response, see Digest Footnote #3.)*

INADEQUATE CONTROLS OVER PERSONAL SERVICES

The Board did not have adequate controls over its personal services functions. We noted the following:

Appraisals not performed

- The Board did not conduct various employee performance appraisals for five of five (100%) appraisals tested.
- The Board did not approve employee leave time within a reasonable amount of time after the time was taken. Leave time was approved between four and 71 days after the time was taken. (Finding 9, pages 21-22)

Leave time not approved timely

This finding was first reported in 2006.

We recommended the Board perform appraisals for all employees and maintain a system of record keeping ensuring all evaluations are properly maintained and that the Board timely approve leave requests.

Board partially agrees with auditors

Board management concurred with finding on timely evaluations and stated staff will continue to communicate with management on the importance of timely evaluations and develop a process to inform management not in compliance with the evaluations. Board management did not concur on finding with timely approval of leave requests and stated all employees receive verbal approval and leave forms are signed by supervisors semi-monthly or monthly with the time sheets. *(For the previous Board response, see Digest Footnote #4.)*

Auditor Comment

In an auditor comment, we reiterated that the Board's policy requires vacation and personal time be approved before the time is taken and the Board could not provide documentation to support leave was preapproved.

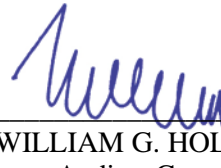
OTHER FINDINGS

The remaining findings pertain to: 1) noncompliance with grant agreements, 2) inadequate controls over financial reporting in accordance with generally accepted accounting principles (GAAP), 3) inadequate controls over receipt ledger and monthly reconciliations, 4) inaccurate and incomplete expenditure records, 5) noncompliance with Task Force on

Inventorying Employment Restrictions Act, and 6) failure to comply with the Identity Protection Act. We will follow up on these findings during our next examination of the Board.

AUDITORS' OPINION

We conducted a compliance examination of the Board as required by the Illinois State Auditing Act. The Board has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:JSC:rt

AUDITORS ASSIGNED:

This examination was performed by the Office of the Auditor General's staff.

DIGEST FOOTNOTES

#1 – PROPERTY CONTROL WEAKNESSES – Previous Board Response

2010: The Board concurs with the finding, and it has made corrections to inventory and recordkeeping to ensure compliance with statutory and regulatory compliance.

#2 – INACCURATE GRANT CALCULATIONS USED – Previous Board Response

2010: The Board concurs with the finding. Staff found the miscalculation through the Board's internal audit process and reported it to the Auditor General's staff during the audit review. Corrections have already been made to the grant allocations.

#3 – STATE AND FEDERAL GRANT REPORTING BY ILLINOIS COMMUNITY COLLEGE DISTRICTS – Previous Board Response

2010: The Board concurs with the finding and will review procedures to determine if any other methods of enforcement can be used with the statutory guidelines.

#4 – INADEQUATE CONTROLS OVER PERSONAL SERVICES – Previous Board Response

2010: The Board concurs with the finding. Staff will continue to communicate with management on the importance of timely evaluations. The Board will review leave requests rules and develop new procedures.