
REPORT DIGEST

ILLINOIS STATE
UNIVERSITY

FINANCIAL AUDIT
AND
COMPLIANCE
EXAMINATION
(In accordance with the
Federal Single Audit Act and
OMB Circular A-133)

For the Year Ended:
June 30, 2009

Summary of Findings:

| | |
|--------------------------|---|
| Total this audit | 2 |
| Total last audit | 2 |
| Repeated from last audit | 1 |

Release Date:
March 11, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ The University had not assured adequate University-wide procedures existed for disposal of confidential information. In addition, security controls over computer equipment maintained within the University Warehouse were inadequate.

{Financial Information and Activity Measures are summarized on the next page.}

ILLINOIS STATE UNIVERSITY
FINANCIAL AUDIT, SINGLE AUDIT AND COMPLIANCE EXAMINATION
For The Year Ended June 30, 2009

| FINANCIAL OPERATIONS (All Funds) (in thousands) | FY 2009 | FY 2008 |
|--|-------------------------------|-------------------------------|
| OPERATING REVENUES | | |
| Student tuition and fees (net of scholarship allowances)..... | \$137,167,496 | \$122,216,375 |
| Grants and contracts | 19,543,657 | 19,504,946 |
| Auxiliary facilities | 73,181,556 | 71,253,164 |
| Other operating revenues | <u>25,140,688</u> | <u>24,109,773</u> |
| Total Operating Revenues | <u>\$255,033,397</u> | <u>237,084,258</u> |
| OPERATING EXPENSES | | |
| Instruction | \$106,796,366 | \$102,858,228 |
| Research | 14,317,400 | 13,945,458 |
| Public service..... | 16,373,915 | 15,246,220 |
| Academic support | 13,628,645 | 12,740,712 |
| Student services | 33,845,827 | 31,615,841 |
| Institutional support..... | 28,555,692 | 25,096,887 |
| Operation and maintenance of plant..... | 27,499,940 | 26,185,861 |
| Auxiliary facilities | 51,784,687 | 51,007,542 |
| Depreciation | 16,719,631 | 15,394,481 |
| Payments on behalf of the University..... | 59,580,738 | 53,493,304 |
| Other operating expenditures | <u>27,759,407</u> | <u>25,080,481</u> |
| Total Operating Expenses | <u>\$396,862,248</u> | <u>\$372,665,015</u> |
| Operating loss | <u>(\$141,828,851)</u> | <u>(\$135,580,757)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| State Appropriations | \$82,991,020 | \$83,056,800 |
| Payments on behalf of the University | 60,802,887 | 54,600,334 |
| Investment income..... | 7,207,850 | 6,509,333 |
| Interest on capital assets and related debt..... | (2,836,093) | (2,914,329) |
| Other nonoperating revenues (expenses)..... | <u>18,607,296</u> | <u>18,922,206</u> |
| Net nonoperating revenues | <u>\$166,772,960</u> | <u>\$160,174,344</u> |
| Income (loss) before other revenues, expenses, gains and losses | \$24,944,109 | \$24,593,587 |
| Transfers from the Capital Development Board | 5,769,786 | 10,178,571 |
| Capital grants and gifts..... | <u>996,695</u> | <u>298,909</u> |
| INCREASE IN NET ASSETS | <u>\$31,710,590</u> | <u>\$35,071,067</u> |
| ASSETS | <u>\$348,243,053</u> | <u>\$313,171,986</u> |
| Net assets, beginning of year | <u>\$379,953,643</u> | |
| Net assets, end of year | | |
| SELECTED ACCOUNT BALANCES (ALL FUNDS) | | |
| Cash and cash equivalents | \$48,013,117 | \$95,132,494 |
| Investments..... | 93,391,050 | 103,656,162 |
| Capital assets..... | 354,782,582 | 307,374,562 |
| Revenue Bonds Payable | 107,608,777 | 111,689,258 |
| Accrued compensated absences..... | 18,096,482 | 18,232,804 |
| SUPPLEMENTARY INFORMATION (Unaudited) | | |
| Employment Statistics | | |
| Appropriated and Nonappropriated funds: | | |
| Faculty/administrative..... | 1,836 | 1,817 |
| Civil service..... | 1,283 | 1,259 |
| Student employees | 496 | 493 |
| Miscellaneous contracts | <u>81</u> | <u>76</u> |
| Total Employees | <u>3,696</u> | <u>3,645</u> |
| Selected Activity Measures | | |
| Fall semester enrollment..... | 20,799 | 20,274 |
| UNIVERSITY PRESIDENT | | |
| During Audit Period and Currently: Dr. C. Alvin Bowman | | |

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE PROCEDURES FOR DISPOSAL OF
CONFIDENTIAL INFORMATION**

The University had not assured adequate University-wide procedures existed for disposal of confidential information. We noted the University:

- Had not performed a risk assessment of its computing environment to identify and protect confidential information from unauthorized disclosure.
- Had not installed disk encryption software on its laptop computers
- Had not formally approved procedures regarding the University's responsibility for the prompt investigation and notification in the event of a breach of personal information.

University had not assessed risk or approved procedures to protect confidential information

Confidential information not being properly disposed of in recycling bins

Weaknesses in procedures for wiping confidential information from computers and other electronic media

While performing walkthroughs at the University, we found personal information and personal health information in unsecured bins. In addition, weaknesses in the procedures for wiping confidential information from computers and electronic media were found.

Failure to establish adequate procedures to protect and timely dispose of confidential information and to enforce compliance with established procedures can lead to such information being compromised. (Finding No. 09-2, pages 15-18)

We recommended the University assess its procedures for safeguarding and subsequent disposal of all confidential information. University-wide procedures for properly disposing confidential information should be established. Once established, the University should effectively communicate the procedures to all University personnel, and enforce compliance with its procedures ensuring all confidential information is kept secured until no longer needed, and then properly disposed.

University officials concurred with the recommendation.

AUDITORS' OPINION

We conducted a compliance examination of the University for the year ended June 30, 2009, as required by the Illinois State Auditing Act, the Single Audit Act and OMB Circular A-133.

Our auditors stated the University's June 30, 2009 financial statements are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

WGH: CML

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Clifton Gunderson, LLP.