

**REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

**FINANCIAL AND COMPLIANCE AUDIT  
(In accordance with the Federal Single Audit Act  
of 1984 and OMB Circular A-133)  
FOR THE YEAR ENDED JUNE 30, 1994**

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

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### COLLECTION PROCEDURES FOR PARKING TICKET FINES

The University's Public Safety Department did not consistently employ all necessary means to enforce payment of parking ticket fines. As a result, parking ticket receivables grew to \$1,075,038 at June 30, 1994, \$1,012,903 of which is not considered collectable. During Fiscal Year 1994, the University issued \$316,309 in fines and collected \$75,895 of those and \$85,747 of prior year fines.

During our review of parking operations, we noted that the University did not consistently restrict student registration; did not consistently withhold the release of transcripts; and did not consistently apply the "Denver Boot", as methods of collection. We noted January 1994 was the last time the "Denver Boot" was used. The University also did not withhold parking fines from employees' checks and did not use outside collection agencies. The University has recently begun the process of withholding parking fines from employees' payroll and now engages outside collection agencies.

While the University continues to have delinquent receivables, implementation of those steps required to reduce or eliminate those delinquent receivables is an ongoing process. As a result, we noted an improvement in the collection of current and past due items during FY 94.

A factor contributing to the build-up of delinquent receivables was the University's inability to perform a computer cross-match between the Public Safety Department's database and the University's Student Information System, thereby resulting in a time-consuming manual effort to obtain the information necessary to initiate the collection and follow-up process. (Finding 2, page 10)

We recommended that University officials consistently use the collection means available to them on a timely basis in order to increase the collectability of outstanding parking ticket fines. The University agreed with our observation that many of the methods for collection were not consistently utilized at least during the period under review. The University also identified a series of specific collection measures it planned to implement effective January 1, 1995.

### NONCOMPLIANCE WITH UNIVERSITY FACILITIES REVENUE BOND INDENTURE

The University and the Board of Governors did not comply with all requirements of the University Facilities Revenue Bond indenture. We noted minor and technical compliance violations of the terms of the Bond Resolution. **This finding has been repeated since our audit report covering the period ending June 30, 1981.**

For the past 13 years, the University and the Board of Governors have not complied with the account transfer requirements set forth in the University Facilities Revenue Bond Resolution. The applicable bonds were sold during 1974 in the amount of \$3,075,000 (\$2,200,000 outstanding at June 30, 1994) and were used to finance the construction of the Commuter Center.

Exceptions noted during the current audit were as follows:

a. The transfers into the Revenue Account were not made within three days of receipt as required by Section 6.02 of the Bond Resolution. During the year ended June 30, 1994, the transfers of Commuter Center income were usually made every seven days. A total of \$1,610,270 was transferred into the Revenue Account during the year ended June 30, 1994.

b. The transfers of monthly installments of principal and interest payments into the Bond Account on the first day of each month were not made as required by Section 6.04 of the Bond Resolution. The University did not transfer the July 1993 principal and interest payment into the Bond Account until October 1993.

The University and the Board of Governors each have specific responsibilities with respect to deposit of funds into a financial institution and transfer of funds into the various accounts as required by the Bond Resolution.

The University has historically deposited receipts into a financial institution and has relied upon the Board of Governors' staff to make these transfers into the accounts required by the Bond Resolution. Beginning in Fiscal Year 1995, the University will assume this responsibility for transferring funds. It has been the University's opinion that the "specific transfer date" interpretation of the requirements of the bond indenture are unduly strict. (Finding 1, page 8)

We recommended the University and the Board of Governors take action to ensure compliance with the University Facilities Revenue Bond Resolution. The University responded that it plans to use a faster automated system designed to accelerate deposits into the bank in January 1996. In addition, the Board of Governors agreed with our finding and announced its intent to transfer this responsibility to the University during Fiscal Year 1995 and to implement procedures to ensure timely processing. (For previous agency responses, see Digest Footnote 1.)

### **OTHER FINDINGS**

The remaining findings are less significant and are being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next compliance audit.

Mr. Peter Wollstein, Vice President of Administrative Affairs at Northeastern Illinois University, provided the University's responses.

### **AUDITORS' OPINION**

Our auditors state that the June 30, 1994 financial statements of Northeastern Illinois University are fairly presented.

---

WILLIAM G. HOLLAND, Auditor General

WGH:JTD:jr

### **SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	5	9
Repeated Audit Findings	4	3
Prior recommendations implemented or not repeated	5	12

### **SPECIAL ASSISTANT AUDITORS**

Deloitte & Touche LLP were our special assistant auditors for this audit.

### **DIGEST FOOTNOTES**

#### **#1: NONCOMPLIANCE WITH UNIVERSITY FACILITIES REVENUE BOND INDENTURE - Previous Agency Responses.**

1993:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three-day requirement. However, receipts are deposited daily to the University's local bank."

1991:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. The Board of Governors agrees with this finding and will make the required transfers per the bond indenture requirement."

1989:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. The Board of Governors agrees with this finding and will make the required transfers per the bond indenture requirement."

1987:"The University, because is it posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. However, receipts are deposited daily to the University's local bank. The University believes this practice provides full protection to the bondholders. The Board agrees with this finding and will make the required transfers per bond indenture requirement."

1985:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement."

1983:"We agree with the facts and will take necessary steps to correct the problem."

1981:"The University believes that its practice of daily deposits into the clearing account followed by a weekly analysis and settlements of interfund liabilities provides full protection to the bondholder and offers the advantage of increased efficiency."

**NORTHEASTERN ILLINOIS UNIVERSITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**For The Year Ended June 30, 1994**

<b>FINANCIAL OPERATIONS (CURRENT FUNDS)</b>	<b>FY 1994</b>	<b>FY 1993</b>
<b>REVENUES</b>		
State Appropriations:		
General Revenue Fund	\$ 28,388,051	\$ 28,347,489
Education Assistance Fund	3,052,500	2,275,500
Student tuition and other fees	17,056,935	16,953,911
Grants (principally federal awards)	8,982,640	8,622,583
Commuter center sales and services	1,028,874	1,095,928
Parking revenue	747,578	553,264
Other sources	<u>1,306,603</u>	<u>1,190,013</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 60,563,181</u></b>	<b><u>\$ 59,038,688</u></b>
<b>EXPENDITURES AND TRANSFERS AMONG FUNDS</b>		
Educational and general:		
Instruction	\$ 22,228,843	\$ 21,398,881
Research	291,416	196,246
Public service	4,577,875	3,931,183
Academic support	4,612,084	4,743,030
Student services and programs	5,369,804	4,802,289
Institutional support	10,326,802	9,614,343
Operation and maintenance of plant	6,862,966	6,551,872
Scholarships and fellowships	<u>5,281,032</u>	<u>5,736,384</u>
Total educational and general expenditures	\$ 59,550,822	\$ 56,974,228
Auxiliary enterprises	<u>2,039,409</u>	<u>1,872,296</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 61,590,231</u></b>	<b><u>\$ 58,846,524</u></b>
<b>SELECTED ACCOUNT BALANCES (ALL FUNDS)</b>	<b>JUNE 30, 1994</b>	<b>JUNE 30, 1993</b>
Total Assets	\$ 99,064,878	\$ 95,216,565
Total Liabilities	17,325,996	16,649,743
Fund Balances:		
Restricted	6,668,827	4,589,915
Unrestricted	75,070,055	73,976,907
<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1994</b>	<b>FY 1993</b>
<b><u>Employment Statistics</u></b>		
Administration	202	206
Faculty	333	312
Civil Service	450	449
Students	<u>429</u>	<u>409</u>
Total Employees	<u>1,414</u>	<u>1,376</u>
<b><u>Selected Activity Measures</u></b>		
Annual full-time equivalent - Undergraduate	5,756	5,913
Annual full-time equivalent - Graduate	1,511	1,675
Full-time equivalent cost per student - Undergraduate	\$5,289	\$5,092
Full-time equivalent cost per student - Graduate	\$7,223	\$6,504
Classroom utilization - day	52.6%*	52.6%*
Classroom utilization - night	65.1%*	65.1%*
*Based upon the most recent study completed (Fiscal 1989). Classroom space utilization data for periods subsequent to Fiscal 1989 is not available.		
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period: Dr. Gordon Lamb		
Currently: Dr. Gordon Lamb		



