



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

Single Audit / Compliance Examination
 For the Year Ended June 30, 2019

Release Date: April 8, 2020

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2018		19-1, 19-10	
Category 2:	3	7	10	2017		19-2	
Category 3:	0	0	0	2015		19-5, 19-6	
TOTAL	3	7	10	2012		19-9	
				2005		19-7	
FINDINGS LAST AUDIT: 12							

INTRODUCTION

This digest covers Southern Illinois University’s (University) Compliance Examination (including the Single Audit) for the year ended June 30, 2019. The University’s Financial Audit as of and for the year ending June 30, 2019 was previously released on February 19, 2019.

SYNOPSIS

- (19-2) The Edwardsville campus did not complete exit counseling for all necessary students within the required time period.
- (19-6) The University did not manage the National Corn-to-Ethanol Research Pilot Plant under the review and guidance of the Illinois Ethanol Research Advisory Board.
- (19-7) The University did not have a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official business.

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.

SOUTHERN ILLINOIS UNIVERSITY
SINGLE AUDIT AND STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2019

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES	FY 2019	FY 2018
INCOME FUND REVENUES		
Student tuition and fees, net.....	\$ 195,904,042	\$ 200,278,546
Investment income.....	4,126,359	(272,083)
Sales and services and other.....	283,892	3,168,740
Total Revenues.....	<u>200,314,293</u>	<u>203,175,203</u>
INCOME FUND EXPENDITURES		
Personal services.....	103,791,938	15,196,045
Contractual services.....	34,928,269	35,835,214
Awards and grants.....	32,526,271	34,292,588
Commodities.....	4,911,819	5,378,180
Equipment.....	7,799,185	5,392,590
Group insurance.....	508,954	(3,963,505)
Social security.....	941,131	899,487
Telecommunications.....	1,510,060	1,154,577
Transfers.....	(583,414)	(2,544,738)
Travel.....	1,645,985	1,012,980
Other.....	2,325,735	2,032,817
Scholarships, fellowships and waivers.....	(2,902,063)	(9,976,706)
Total Expenditures.....	<u>187,403,870</u>	<u>84,709,529</u>
Excess of Revenues over Expenditures.....	<u>\$ 12,910,423</u>	<u>\$ 118,465,674</u>
APPROPRIATIONS & EXPENDITURES		
General Revenue Fund - 001.....	\$ 1,062,800	\$ 1,061,600
Education Assistance Fund - 007.....	183,449,200	179,852,200
General Professions Dedicated Fund - 022.....	1,250,000	1,250,000
State College & University Trust Fund - 417.....	19,000	14,500
Total Expenditures.....	<u>\$ 185,781,000</u>	<u>\$ 182,178,300</u>
Lapsed / Re-appropriated balances.....	0	12,500
Total Appropriation.....	<u>\$ 185,781,000</u>	<u>\$ 182,190,800</u>
EMPLOYMENT STATISTICS (UNAUDITED)		
Faculty (full-time equivalents).....	1,933	1,968
Graduate assistants (full-time equivalents).....	757	749
Civil service (full-time equivalents).....	3,347	3,364
Administrative and Professional staff (full-time equivalents).....	1,298	1,262
Total Employees (full-time equivalents).....	<u>7,335</u>	<u>7,343</u>
ENROLLMENT STATISTICS (UNAUDITED)		
Fall term enrollment (full-time equivalents).....	21,793	23,986
STUDENT COST STATISTICS AND DEGREES (UNAUDITED)		
Cost per full time equivalent student.....	\$ 46,092	\$ 49,788
Degrees conferred.....	7,624	7,925
PRESIDENT		
During Examination Period: Dr. Randy J. Dunn (through 7/15/18); Dr. J. Kevin Dorsey, Interim (Effective 7/16/18)		
Currently: Dr. Daniel Mahoney (Effective 3/1/20)		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

EXIT COUNSELING NOT COMPLETED

The University Edwardsville campus did not complete exit counseling for all necessary students within the required time period.

Exit counseling was untimely or not provided for loan recipients who withdrew from the University

We noted 10 of 25 (40%) students tested who received direct loans did not complete exit counseling timely after leaving the Edwardsville campus. For nine students, exit interviews were conducted 12 to 37 days late. No exit counseling was performed for one student who received direct loans and officially withdrew. (Finding 2, pages 22-23) **This finding was first reported in 2017.**

We recommended the University implement controls to identify exit counseling requirements within the student financial aid department in addition to improving controls to identify exit counseling requirements within the information technology department. We also recommended these controls be monitored to ensure that all necessary students complete exit counseling within the required time frame.

University agreed with auditors

The University stated our recommendation has been implemented, and noted a custom program has been built to consistently identify the exit conference requirement. The University also stated various team members have been trained on how to run the program.

NONCOMPLIANCE WITH THE SOUTHERN ILLINOIS UNIVERSITY MANAGEMENT ACT (ILLINOIS ETHANOL RESEARCH ADVISORY BOARD)

The University did not manage the National Corn-to-Ethanol Research Pilot Plant (Pilot Plant) under the review and guidance of the Illinois Ethanol Research Advisory Board (Advisory Board).

Ethanol Research Pilot Plant not managed under the guidance of Advisory Board

The Advisory Board had six of 13 (46%) positions vacant and did not meet or perform its duties of providing review and guidance to the University Board of Trustees to assist in operating and managing the Pilot Plant as required by State statute. The Edwardsville campus had continued to manage the Research Pilot Plant under the guidance of a stakeholders group.

Advisory Board had 46% of positions vacant and did not meet

The Advisory Board is required to meet annually and has the following duties:

- Review of annual operating plans and budget of the Pilot Plant;

Advisory Board should review the budget and advise on research projects, policies and procedures of the Pilot Plant

- Advising on research and development priorities and projects to be carried out at the Pilot Plant;
- Advising on policies and procedures regarding the management and operation of the Pilot Plant;
- Developing bylaws;
- Submitting a final report to the Governor and General Assembly outlining the progress and accomplishments made during the year along with a financial report for the year; and
- Establishing and operating the National Corn-to-Ethanol Research Center of Excellence with purposes and goals including conducting research, providing training, consulting, developing demonstration projects and serving as an independent resource to the ethanol industry. (Finding 6, pages 32-33) **This finding was first reported in 2015.**

We recommended the University work with the existing Advisory Board members to schedule an annual meeting that all members can attend, thereby achieving a quorum, so the Board can perform its duties under the Act. We further recommended the University continue to work with the Governor's Office of Executive Appointments to fill the vacancies on the Advisory Board, or seek statutory change to allow oversight of the Pilot Plant by a stakeholder's group rather than the Advisory Board members specified in the Act.

University agreed with auditors

University officials agreed with the finding and responded it is unlikely a quorum of the existing advisory board members will be achieved. Officials stated instead, they will continue to work with the Governor's Office by seeking that the vacancies on the Advisory Board be filled. The University also responded they will consider their options with respect to seeking statutory change.

FAILURE TO REQUIRE FACULTY TIMESHEETS

The University did not have a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official University business to the nearest quarter hour as required by the State Officials and Employees Ethics Act (Act).

The University did not adopt a policy requiring timesheets for all employees as required by statute and the Illinois Board of Higher Education

The University, after more than 14 years, had still not incorporated into their own policies the personnel policies required by the Illinois Board of Higher Education for public universities.

The University's faculty did not submit timesheets in compliance with the Act and no timesheets were required for faculty. The University assumed faculty to be working unless

Faculty were assumed to be working unless otherwise noted

noted otherwise. The University made no changes to this policy during Fiscal Year 2019 and took no measures to negotiate a change with faculty unions. (Finding 7, pages 34-35) **This finding was first reported in 2005.**

We recommended the University begin working with faculty unions to amend its policies to require all employees to submit timesheets documenting time spent daily on official State business to the nearest quarter hour in compliance with the Act.

University agreed with auditors

The University agreed and stated this matter is subject to bargaining with the various faculty unions across campuses. Management responded because of competing priorities and budget constraints, they are limited in the items they can reasonably include in bargaining negotiations. Officials further stated they will continue to consider and explore a resolution as opportunity allows.

OTHER FINDINGS

The remaining findings pertain to federal compliance requirements, inventory, and external service providers. We will review the University's progress towards the implementation of our recommendations in our next Single Audit and compliance examination.

AUDITOR'S OPINION

The auditors conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Agency's major federal programs for the year ended June 30, 2019.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants stated the University complied, in all material respects, with the requirements described in the report.

This Single Audit and compliance examination was conducted by Plante & Moran, PLLC.

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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