

REPORT DIGEST

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

{Financial Information is summarized on the reverse page.}

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE BOOKSTORE INVENTORY PROCEDURES

The University's procedures over the bookstore inventory were inadequate in the areas of inventory valuation and book returns. When a book is sold, the value of the bookstore inventory is supposed to be reduced based on the retail cost of the sale. However, due to inadequacies in the existing system design, the accounting system could not properly reduce the inventory balance when items were sold at a reduced price. This resulted in excess costs remaining recorded as being in inventory. Also, there was no independent reconciliation of cash refunds to books returned. The reported value of the bookstore inventory at June 30, 1994 was \$1,142,713. (Finding 2, page 11)

University officials concurred with our recommendation to improve procedures. They stated they are in the process of purchasing a point-of-sale system to address the retail costing issue and that they now have procedures to reconcile returned books to cash payouts.

CASH RECEIPTS DUTIES NOT ADEQUATELY SEGREGATED

The duties of posting departmental charges and cash receipts were not adequately segregated, and access to cash was not adequately restricted in the Cashier's Office. Good internal control requires the segregation of duties to preclude certain functions that should be divided among two or more people to reduce the risk of misappropriations of funds from being performed by one individual. (Finding 3, page 12)

University officials concurred with our recommendation to segregate duties and said they would have batch control procedures performed by staff other than the data entry clerk.

OTHER FINDINGS

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

Dr. Cornelius Wooten, Vice President for Administrative Services at Western Illinois University, provided the University's responses.

AUDITORS' OPINION

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

WILLIAM G. HOLLAND, Auditor General

WGH:KMA:pp

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	7	7
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	6	4

SPECIAL ASSISTANT AUDITORS

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

WESTERN ILLINOIS UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1994

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1994	FY 1993
REVENUES		
Appropriations	\$ 46,184,943	\$ 42,654,338
Student tuition and fees	27,492,704	27,583,782
Grants, contracts, and gifts	11,131,145	11,833,984
Sales and services of educational departments	9,953,760	9,362,660
Auxiliary enterprises	26,371,440	27,471,194
Other	<u>2,438,546</u>	<u>2,438,939</u>
Total	<u>\$123,572,538</u>	<u>\$121,344,897</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 37,847,483	\$ 35,876,349
Research	1,331,253	1,258,737
Public service	4,120,876	4,214,633
Academic support	8,738,926	8,784,360
Student services	10,372,703	10,143,365
Institutional support	12,616,917	11,923,088
Operation of plant	9,770,899	9,247,620
Staff benefits	5,131,202	4,676,521
Scholarships and fellowships	7,662,084	8,428,894
Auxiliary enterprises	22,197,481	23,666,212
Mandatory transfers	<u>2,934,290</u>	<u>3,283,742</u>
Total	<u>\$122,724,114</u>	<u>\$121,503,521</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	JUNE 30, 1994	JUNE 30, 1993
Cash and short-term investments	\$17,958,703	\$24,778,582
Investments	7,148,538	2,037,300
Buildings, land, and equipment	201,733,696	193,553,523
Accrued compensated absences	16,117,713	14,585,642
Revenue bonds payable	31,135,384	27,095,000
Fund balances (deficit):		
Unrestricted	(5,662,331)	(4,603,034)
Restricted	11,107,196	11,069,878
U.S. Government advances refundable	1,596,800	1,522,600
Net investment in plant	168,689,973	164,520,886
SUPPLEMENTARY INFORMATION	FY 1994	FY 1993
<u>Employment Statistics</u>		
Appropriated funds:		
Faculty/administrative	760	765
Civil service	544	545
Student employees	73	74
Nonappropriated funds:		
Faculty/administrative	148	152
Civil service	272	276
Student employees	<u>191</u>	<u>201</u>
Total Employees	<u>1,988</u>	<u>2,013</u>
<u>Selected Activity Measures</u>		
Annual full-time equivalent students - undergraduate	9,182	9,464
Annual full-time equivalent students - graduate	1,371	1,500
Full-time equivalent cost per student	\$6,104	\$5,817
Classroom Utilization - maximum	57%	47%
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Burton O. Witthuhn, Acting 7/1/93 - 12/31/93 Dr. Donald S. Spencer, 1/1/94 - 6/30/94 Currently: Dr. Donald S. Spencer		