



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**SOUTHERN ILLINOIS UNIVERSITY**

Single Audit and Compliance Examination  
 For the Year Ended June 30, 2015

Release Date: March 17, 2016

FINDINGS THIS AUDIT: 11	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2014		15-3	
Category 2:	5	5	10	2013		15-1, 15-7	
Category 3:	1	0	1	2012		15-8	
TOTAL	6	5	11	2005		15-9	
FINDINGS LAST AUDIT: 7							

**INTRODUCTION**

This digest covers our Single Audit and Compliance Examination of Southern Illinois University (University) for the year ended June 30, 2015. A separate Financial Audit as of and for the year ending June 30, 2015, was previously released on January 14, 2016. In total, this report contains 11 findings, none of which were reported in the Financial Audit.

**SYNOPSIS**

- (15-2) The University lacked proper review procedures to ensure the Schedule of Expenditure of Federal Awards (SEFA) and notes to the SEFA contained accurate information.
- (15-3) The University failed to correct and resubmit error records that were returned by the National Student Loan Data System within the requested 10 days.
- (15-5) Participant eligibility determination review procedures for the TRIO Upward Bound programs at the East St. Louis campus were not in place at the University's Edwardsville campus.
- (15-8) The University's annual inventory failed to locate 1,068 computers with an original acquisition value of \$1,477,354.
- (15-11) 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.

**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.

{Financial information is summarized on next page.}

**SOUTHERN ILLINOIS UNIVERSITY**  
**COMPLIANCE EXAMINATION AND SINGLE AUDIT**  
**For the Year Ended June 30, 2015**

<b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Amounts in Thousands)</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>INCOME FUND REVENUES</b>		
Student tuition and fees, net.....	\$ 207,051	\$ 208,144
Investment income.....	851	763
Sales and services and other.....	90	87
Total Revenues.....	<u>207,992</u>	<u>208,994</u>
<b>INCOME FUND EXPENDITURES</b>		
Personal services.....	116,137	115,129
Contractual services.....	40,999	42,264
Awards and grants.....	20,006	16,520
Commodities.....	7,771	7,552
Equipment.....	5,694	7,771
Transfers.....	5,413	3,358
Other.....	3,725	2,028
Social security.....	1,909	2,091
Travel.....	1,855	2,134
Scholarships, fellowships and waivers.....	(4,175)	234
Total Expenditures.....	<u>199,334</u>	<u>199,081</u>
Excess of Revenues over Expenditures.....	<u>\$ 8,658</u>	<u>\$ 9,913</u>
<b>APPROPRIATIONS &amp; EXPENDITURES</b>		
Education Assistance Fund-007.....	\$ 199,490,100	\$ 204,584,100
General Professions Dedicated Fund-022.....	1,250,000	1,250,000
Fire Prevention Fund-047.....	311,000	-
Capital Development Fund-141.....	255,028	6,790,892
Build Illinois Bond Fund-971.....	76,451	23,549
General Revenue Fund-001.....	68,398	-
State College & University Trust Fund-417.....	27,000	27,000
Total Expenditures.....	<u>\$ 201,477,977</u>	<u>\$ 212,675,541</u>
Lapsed / Re-appropriated balances.....	2	331,478
Total Appropriation.....	<u>\$ 201,477,979</u>	<u>\$ 213,007,019</u>
<b>EMPLOYMENT STATISTICS (UNAUDITED)</b>		
	<b>FALL 2014</b>	<b>FALL 2013</b>
Faculty.....	2,131	2,050
Graduate assistants.....	938	1,859
Civil service.....	3,718	3,285
Administrative and Professional staff.....	1,369	1,386
Total Employees.....	<u>8,156</u>	<u>8,580</u>
<b>ENROLLMENT STATISTICS (UNAUDITED)</b>		
	<b>FALL 2014</b>	<b>FALL 2013</b>
Fall term enrollment (full-time equivalents).....	27,093	27,723
<b>COST PER STUDENT (UNAUDITED)</b>		
	<b>FY 2015</b>	<b>FY 2014</b>
Cost per full time equivalent student.....	\$ 42,458	\$ 41,016
<b>PRESIDENT</b>		
During Examination Period: Dr. Randy J. Dunn		
Currently: Dr. Randy J. Dunn		

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**IMPROPER REVIEW PROCEDURES OVER THE  
SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS - EDWARDSVILLE AND CARBONDALE  
CAMPUSES**

**Procedures not in place to ensure  
SEFA contained proper information**

The University did not have proper procedures in place to ensure the Schedule of Expenditures of Federal Awards (SEFA) and Notes to the SEFA contained proper information.

**Federal award accounts were not  
completely closed**

On each campus, federal award accounts were not completely closed out in a timely manner causing extraneous entries on the SEFA during subsequent years. During our review of the Carbondale campus SEFA for fiscal year 2015, we noted expenditures reported for awards that were past the award end date. 43 federal awards with expired award end dates were noted during review. The award expiration dates occurred as follows:

- 12 of the 43 awards ended in the fiscal year ended June 30, 2013
- 31 of the 43 awards ended in the fiscal year ended June 30, 2014

**Awards with expired award end  
dates noted**

During our review of the Edwardsville campus SEFA for fiscal year 2015, we noted expenditures reported awards that were past the award end date. 17 federal awards with expired award end dates were noted during review. The award expiration dates occurred as follows:

- 2 of the 17 awards ended in the fiscal year ended June 30, 2011
- 6 of the 17 awards ended in the fiscal year ended June 30, 2012
- 6 of the 17 awards ended in the fiscal year ended June 30, 2013
- 3 of the 17 awards ended in the fiscal year ended June 30, 2014

**Vendor payments reported as  
payments to subrecipients**

Finally, during review of the Notes to the SEFA for subrecipients, it was noted that vendor payments were included in the amount reported as subrecipients. (Finding 2, pages 18-20)

We recommended the University implement review policies and procedures to ensure the SEFA and Notes to the SEFA are accurate and contain complete information.

**University agrees with auditors**

University officials accepted our recommendation and indicated they would take the necessary steps to ensure the accuracy of the SEFA and supporting documentation.

## **ERRORS IN ENROLLMENT REPORTING FOR NATIONAL STUDENT LOAN DATA SYSTEM - EDWARDSVILLE AND CARBONDALE CAMPUSES**

**Errors in enrollment reporting not corrected within the required 10 days**

Error records returned by the National Student Loan Data System (NSLDS) were not corrected and resubmitted within the required 10 days.

**Third-party vendor had internal control issues**

The University is required to confirm and report to the NSLDS the enrollment status of students who receive Federal student loans. The Carbondale and Edwardsville campuses use a third-party vendor to process their enrollment reporting to the NSLDS. During the year, the vendor had internal control issues that prevented them from correcting error records and returning them to the Secretary within the required 10 days. The vendor acknowledged these issues in their 2015 compliance attestation report dated October 30, 2015. Neither campus had a process in place to oversee the work provided by the vendor to timely determine that the error records were not corrected and returned within 10 days. (Finding 3, pages 21-22)

**No process in place to oversee third-party vendor**

We recommended the University implement formalized review procedures to verify that NSLDS error records are corrected and returned timely to the Secretary.

**University agrees with auditors**

University officials accepted our recommendation and indicated they are exploring ways to timely detect and remedy noncompliance.

## **INADEQUATE REVIEW OVER PARTICIPANT ELIGIBILITY APPLICATIONS FOR THE TRIO UPWARD BOUND PROGRAM - EDWARDSVILLE CAMPUS**

**No proper review procedures in place to determine participant eligibility**

The Edwardsville campus did not have proper review procedures in place to determine participant eligibility in the TRIO Upward Bound programs at the East St. Louis campus.

**Insufficient documentation**

During our testing of participant eligibility for the Upward Bound programs, we noted that several applications did not contain sufficient documentation to determine eligibility and/or there was a lack of evidence of proper review before the participant was accepted into the program.

**Conflicting eligibility support or improper review**

During our test work of 40 participant files for the Upward Bound programs, we noted 6 participant files that contained conflicting eligibility support or improper review procedures.

- In three cases, sufficient documentation was not included in the participant application to support potential first generation college student classification.
- In one case, a complete participant application was not received or reviewed before the student was accepted

into the program.

- In two cases, participant applications were not reviewed and signed by the program director before the participant was accepted into the program. (Finding 5, pages 25-27)

We recommended the University implement the necessary controls to properly identify eligible participants for the Upward Bound programs.

#### **University agrees with auditors**

University officials accepted our recommendation and indicated additional measures have been implemented to ensure the program director is more actively involved in the application review process.

### **WEAKNESSES IN COMPUTER INVENTORY CONTROL**

#### **1,068 computers could not be located**

The University was unable to locate 1,068 computers (579 from Carbondale and 489 from Edwardsville) during their annual inventory.

These items were noted as missing by University staff during a system-wide inventory cleanup effort conducted on its campuses during fiscal year 2015. The original cost of these items total \$1,477,354.38. The computers noted as missing represent 3.6% percent of the University's total computer inventory at June 30, 2015.

#### **Computers not encrypted in the past**

#### **Risk that confidential information could be exposed**

During testing, the auditors noted the University had not protected its computers with encryption software in the past, thus increasing the risk that confidential information could be exposed on the missing computers identified in this finding.

#### **No exposure of confidential information identified by University**

The University performed procedures to determine whether the missing computers contained confidential information and based on the procedures performed they did not identify any instances where confidential information was exposed. Confidential information routinely collected and maintained by the University includes education records, health records, personal information, and sensitive information.

#### **Formal risk assessment performed in 2015**

#### **Computers with confidential information encrypted in 2015**

The University performed a formal risk assessment of computer equipment in their possession to identify all computer equipment that contained confidential information during fiscal year 2015. For computer equipment in their possession identified with confidential information the University took corrective action to encrypt or protect confidential information identified on the computer equipment going forward. (Finding 8, pages 32-33) **This finding was first reported in 2012.**

We recommended the University:

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of

computers.

- Continue to evaluate and secure new computers as necessary to ensure that confidential information is protected.

**University agrees with auditors**

University officials accepted our recommendation and indicated they had implemented corrective action by inventorying all computer equipment and encrypted all laptops with sensitive or personally identifiable information in fiscal year 2015. *(For previous University response, see Digest Footnote #1)*

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

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

Southern Illinois University (SIU) 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).

**Advisory Board has not met in three years**

The Advisory Board has not met in three years due to not having a quorum on the Advisory Board because all six of the Governor appointed positions to the Advisory Board have expired terms. As a result of not meeting in three years, the Advisory Board is not performing its duties of providing review and guidance to the SIU Board of Trustees to assist in operating and managing the Pilot Plant as required by State statute. However, SIU Edwardsville has continued to manage the Pilot Plant under the guidance of a stakeholders group, which was established in the absence of the Governor appointed Advisory Board.

**All six Governor appointed positions have expired terms**

**Advisory Board reviews budget and advises on research projects and policies and procedures of the Pilot Plant**

The Advisory Board shall have the following duties:

- Review of annual operating plans and budget of the National Corn-to-Ethanol Research 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,
- Establishing and operating the Pilot Plant with purposes and goals including conducting research, providing training, consulting, developing demonstration projects and serving as an independent resource to the ethanol

industry

The last documented contact with the Governor's Office was on October 3, 2015. The Research Center opened in fiscal year 2004 and the Advisory Board has developed by-laws. (Finding 11, pages 37-38)

We recommended the University continue to work with the Governor's Office of Executive Appointments to fill the vacancies in the Advisory Board so it can perform its duties under the Act.

**University agrees with auditors**

University officials agreed with our recommendation and indicated they would continue to work with the Governor's Office of Executive Appointments to fill the vacancies in the Advisory Board.

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next engagement.

**AUDITOR'S OPINION**

The financial audit was previously released. The auditors stated the financial statements of Southern Illinois University as of and for the year ended June 30, 2015, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by OMB Circular A-133. Our auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the University for the year ended June 30, 2015, as required by the Illinois State Auditing Act. The auditors stated the University complied, in all material respects, with the requirements described in the report.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this engagement were CliftonLarsonAllen LLP.

**DIGEST FOOTNOTES**

**#1 - WEAKNESSES IN COMPUTER INVENTORY CONTROL**

Partially implemented. In early fiscal year 2015, SIU began the process of inventorying all computer equipment (computers, servers, tablets and mobile hard drives). A sweep of all buildings is complete; approximately 226 buildings in Carbondale, Edwardsville, Alton and East St. Louis. The SIUE campus is nearing the final phase of this project. The SIUC campus computer inventory project ended on January 30<sup>th</sup>. The follow-up to this project will be done during the annual equipment inventory. As inventories are completed, they will be compared to the computer inventory records to identify differences. The expected completion date of the corrective action on the inventory project is June 30, 2015. The encryption efforts are also underway on each campus; however, it was necessary to extend the estimated timeframe for completion due to the significant resources needed and other priorities.