



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, 2018

Release Date: March 28, 2019

FINDINGS THIS AUDIT: 12				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2017		18-5	
<b>Category 2:</b>	<b>6</b>	<b>6</b>	<b>12</b>	2016		18-3	
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2015		18-4, 18-8	
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>12</b>	2012		18-10	
				2005		18-6	
<b>FINDINGS LAST AUDIT: 13</b>							

INTRODUCTION

This digest covers our federal Single Audit and Compliance Examination of Southern Illinois University (University) for the year ended June 30, 2018. A separate Financial Audit as of and for the year ending June 30, 2018, was previously released on March 21, 2018. In total, this report contains 12 findings, one of which was reported in the Financial Audit.

SYNOPSIS

- **(18-5)** The University did not complete exit counseling for all necessary students within the required time period.
- **(18-6)** The University did not have a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official business.
- **(18-8)** 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.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**SOUTHERN ILLINOIS UNIVERSITY**  
**SINGLE AUDIT AND STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2018**

<b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2017</b>
<b>INCOME FUND REVENUES</b>		
Student tuition and fees, net.....	\$ 200,278,546	\$ 204,134,070
Investment income.....	(272,083)	138,065
Sales and services and other.....	3,168,740	469,393
Total Revenues.....	<u>203,175,203</u>	<u>204,741,528</u>
<b>INCOME FUND EXPENDITURES</b>		
Personal services.....	15,196,045	272,210,062
Contractual services.....	35,835,214	40,811,765
Awards and grants.....	34,292,588	29,502,809
Commodities.....	5,378,180	5,525,439
Equipment.....	5,392,590	5,074,951
Group insurance.....	(3,963,505)	5,031,636
Social security.....	899,487	3,926,205
Telecommunications.....	1,154,577	2,415,269
Transfers.....	(2,544,738)	1,374,786
Travel.....	1,012,980	1,136,374
Other.....	2,032,817	2,483,252
Scholarships, fellowships and waivers.....	(9,976,706)	(6,253,916)
Total Expenditures.....	<u>84,709,529</u>	<u>363,238,632</u>
Excess of Revenues over Expenditures.....	<u>\$ 118,465,674</u>	<u>\$ (158,497,104)</u>
<b>APPROPRIATIONS &amp; EXPENDITURES</b>		
General Revenue Fund - 001.....	\$ 1,061,600	\$ 67,272,500
Education Assistance Fund - 007.....	179,852,200	132,546,548
General Professions Dedicated Fund - 022.....	1,250,000	1,250,000
Fire Prevention Fund - 047.....	-	155,500
State College & University Trust Fund - 417.....	14,500	27,000
Total Expenditures.....	<u>\$ 182,178,300</u>	<u>\$ 201,251,548</u>
Lapsed / Re-appropriated balances.....	12,500	0
Total Appropriation.....	<u>\$ 182,190,800</u>	<u>\$ 201,251,548</u>
<b>EMPLOYMENT STATISTICS (UNAUDITED)</b>		
	<b>FALL 2017</b>	<b>FALL 2016</b>
Faculty (full-time equivalents).....	1,968	2,001
Graduate assistants (full-time equivalents).....	749	770
Civil service (full-time equivalents).....	3,364	3,441
Administrative and Professional staff (full-time equivalents).....	1,262	1,333
Total Employees (full-time equivalents).....	<u>7,343</u>	<u>7,545</u>
<b>ENROLLMENT STATISTICS (UNAUDITED)</b>		
	<b>FALL 2017</b>	<b>FALL 2016</b>
Fall term enrollment (full-time equivalents).....	23,986	25,536
<b>SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)</b>		
	<b>FY 2018</b>	<b>FY 2017</b>
Cost per full time equivalent student.....	\$ 49,788	\$ 47,664
Degrees conferred.....	7,925	Not available
<b>PRESIDENT</b>		
During Examination Period: Dr. Randy J. Dunn (through 7/15/18)		
Currently: Dr. J. Kevin Dorsey, Interim President (effective 7/16/18)		

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

### **EXIT COUNSELING NOT COMPLETED**

The University did not complete exit counseling for all necessary students from the Edwardsville campus within 30 days of the withdrawal date.

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

We noted 10 of 17 (59%) students tested who received direct loans and officially withdrew received exit counseling 55 to 137 days late. Five additional students who received direct loans and withdrew, officially or unofficially, received no exit counseling after leaving the University. (Finding 5, pages 25-26)

We recommended the University implement formalized procedures to verify that all appropriate students complete exit counseling timely.

**University agrees with auditors**

The University stated implementation was in process, and noted they are working to develop a reliable reporting mechanism which accurately and timely identifies students subject to exit counseling.

### **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 business to the nearest quarter hour as required by the State Officials and Employees Ethics 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 13 years, had still not incorporated into their own policies the personnel policies required by the Illinois Board of Higher Education for public universities.

**Faculty were assumed to be working unless otherwise noted**

The University's faculty did not submit timesheets in compliance with the Act and were not required by the University to do so. The University assumed faculty to be working unless noted otherwise. We noted no measures were taken by the University to consider and explore a resolution in Fiscal Year 2018. (Finding 6, pages 27-28) **This finding was first reported in 2005.**

We recommended the University work 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 as required by the Act or seek legislative remedy.

**University agrees 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. *(For previous University response, see Digest Footnote #1.)*

#### **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**

**Advisory Board did not meet due to lack of a quorum**

The Advisory Board did not meet due to lack of a quorum and had not performed 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. Six of the thirteen Board members are appointed by the Governor and had expired terms.

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

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

- Review of annual operating plans and budget 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 8, pages 30-32) **This finding was first reported in 2015.**

We recommended the University continue to work with the seven existing Advisory Board members to schedule an annual meeting that all seven 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.

**University agrees with auditors**

University officials agreed with the finding and responded they would encourage and work with the new administration to get appointments to the Board made as quickly as possible. (*For previous University response, see Digest Footnote #2.*)

**OTHER FINDINGS**

The remaining findings pertain to depreciation calculation, federal compliance requirements, retirement system notifications, public availability of executive evaluations, computer inventory, payment card industry data security and internal controls over 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 OPINIONS**

The financial audit report was previously released. The auditors stated the financial statements of the University as of and for the year ended June 30, 2018, are fairly stated in all material respects.

The auditors also 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, 2018.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the University for the year ended June 30, 2018, 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 were 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

FJM:LKW

**DIGEST FOOTNOTES**

**#1 – FAILURE TO REQUIRE FACULTY TIMESHEETS –  
prior response**

2017: Agree.

This matter is subject to bargaining with the various faculty unions across campuses. Because of many competing priorities, not the least of which is continued budget constraints, management is limited in the items it can reasonably include in bargaining negotiations. The University will continue to consider and explore a resolution as opportunity allows.

**#2 - NONCOMPLIANCE WITH THE SOUTHERN ILLINOIS  
UNIVERSITY MANAGEMENT ACT (ILLINOIS ETHANOL  
RESEARCH ADVISORY BOARD) – prior response**

2017: Agree.

SIU will continue to work with the existing Advisory Board members in an attempt to achieve a quorum at its next annual meeting. Additionally, we will continue to work with the Governor's Office to fill the current vacancies. NCERC at SIUE will utilize our working Stakeholders group to assist in every way possible to influence the Office of the Governor to make the much need appointments to the Advisory Board.