

SOUTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

**REPORTS REQUIRED UNDER
GOVERNMENT AUDITING STANDARDS**

For the Year Ended June 30, 2024

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page(s)</u>
University Officials	1
<i>Government Auditing Standards Report</i>	
Summary	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
 Schedule of Findings	
Current Finding	5
Prior Findings Not Repeated	7
 Other Reports Issued Under a Separate Cover	
Southern Illinois University's <i>Federal Single Audit</i> and <i>State Compliance Examination</i> for the year ended June 30, 2024 will be issued under separate covers. Additionally, the University's financial statements as of and for the year ended June 30, 2024 have been issued under a separate cover.	

SOUTHERN ILLINOIS UNIVERSITY
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FINANCIAL AUDIT
For the Year Ended June 30, 2024

UNIVERSITY OFFICIALS

President	Dr. Daniel Mahony
Fiscal Officer	Duane Stucky
General Counsel	Lucas Crater
Executive Director, Internal Audit (thru 12/31/24)	Kimberly Labonte
Interim Executive Director, Internal Audit (1/1/25 - present)	Jamie Grapperhaus
SIUC Chancellor	Austin Lane
SIUE Chancellor	James Minor

BOARD OFFICERS

Board Chair	J. Phil Gilbert
Board Vice Chair	Ed Hightower
Board Secretary	Subhash Sharma
Secretary to the Board	Paula Keith

GOVERNING BOARD MEMBERS

Trustee	Edgar Curtis
Trustee	J. Phil Gilbert
Trustee	Ed Hightower
Trustee	Sara Salger
Trustee	Subhash Sharma
Trustee	John Simmons
Trustee	Roger Tedrick
Student Trustee (7/1/24 – 6/30/25)	Hannah Connolly
Student Trustee (7/1/24 – 12/2/24)	Kaia Ford
Student Trustee (1/27/25 – 6/30/25)	Moayad Abuzaneh
Student Trustee (7/1/23 to 6/30/24)	Victor Ludwig
Student Trustee (7/1/23 to 6/30/24)	Lauren Harris

BOARD OFFICES

The Agency's primary administrative offices are located at:

Southern Illinois University Carbondale
1263 Lincoln Dr.
Carbondale, Illinois 62901

Southern Illinois University Edwardsville
1 Hairpin Dr.
Edwardsville, Illinois 62025

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2024

REPORT REQUIRED UNDER GOVERNMENT AUDITING STANDARDS

SUMMARY

The audit of the financial statements of Southern Illinois University (University) was performed by Plante & Moran, PLLC in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed unmodified opinion on the University’s basic financial statements, issued under a separate cover.

SUMMARY OF FINDINGS

The auditors identified one matter involving the University’s internal control over financial reporting that they considered to be a significant deficiency.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	5	New	Inadequate Internal Controls over Cutoff of Accounts Payable and Accrued Liabilities	Significant Deficiency
Prior Findings Not Repeated				
A	7	2023/2020	Inadequate Internal Controls over Census Data	

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Jamie Grapperhaus, Interim Executive Director, Internal Audit, on January 30, 2025. The responses to the recommendation was provided by Jamie Grapperhaus, Interim Executive Director, Internal Audit, in correspondences dated February 4 and 11, 2025.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Southern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Southern Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and we have issued our report thereon dated February 11, 2025. Our report includes a reference to other auditors who audited the financial statements of Southern Illinois University Foundation (at Carbondale), the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale), the Alumni Association of Southern Illinois University Edwardsville, the Southern Illinois University Edwardsville Foundation, University Park Southern Illinois University at Edwardsville, Inc., Southern Illinois Research Park, Inc. Carbondale, SIU Physicians & Surgeons, Inc., the SIUE East St. Louis Charter School, and the SIU Dental Associates, Southern Illinois University at Edwardsville as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Southern Illinois University

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Plante & Moran, PLLC
Cincinnati, Ohio
February 11, 2025

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

2024-001 Finding - Inadequate Internal Controls over Cutoff of Accounts Payable and Accrued Liabilities

Southern Illinois University (University) did not have adequate internal controls over cutoff of accounts payable and accrued liabilities to ensure amounts owed are recorded in the proper period.

During testing performed within the financial statement audit, the auditors noted the following:

- The University recorded two invoices for \$206,741 and \$613,025, respectively, in accounts payable as of June 30, 2024. However, the services related to fiscal year 2025.
- The University recorded a duplicate invoice for \$161,675 in accounts payable as of June 30, 2024.
- The University did not record an invoice for \$48,163 in accounts payable as of June 30, 2024 although the goods were received in fiscal year 2024.
- The University accrued and expensed, rather than capitalized, two fixed assets for \$263,770 during fiscal year 2024.

The University did not record adjustments to the financial statements for these misstatements.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequately trained personnel with the knowledge, skills and experience to prepare GAAP-based financial statements, management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

Governmental Accounting Standards Board (GASB) Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting records revenues and expenses when they are earned or incurred, regardless of when the cash is actually received or paid. GASB 62, paragraph 34, also requires current liabilities to be used principally to designate obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities.

University officials indicated some errors were caused by improper input of the service date within the accounting system in instances where the service period did not match the invoice date and crossed fiscal reporting periods. Officials indicated the duplicate invoice was recorded due to a lack of review of accruals impacted by voided checks as of June 30, 2024. Officials also indicated

SOUTHERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

2024-001 Finding - Inadequate Internal Controls over Cutoff of Accounts Payable and Accrued Liabilities (continued)

fixed assets were not timely reviewed to determine if they should be capitalized as of June 30, 2024.

These deficiencies in the University's internal control over financial and fiscal operations pose a reasonable possibility that a misstatement of the University's financial statements will occur and not be prevented or detected and corrected on a timely basis. Accurate preparation of the University's financial information for GAAP and financial reporting purposes is important due to the impact adjustments may have on the Statewide financial statements. (Finding Code No. 2024-001)

RECOMMENDATION

We recommend the University ensure performance of appropriate reviews of invoice details to ensure the service period is being utilized to determine the period in which accounts payable and accrued liabilities and the related expenses are recorded in the financial statements. We also recommend the University review the service date entered into the system to ensure amounts are accrued in the proper fiscal year.

Additionally, we recommend the University input a control to timely review for payments on fixed assets to ensure expenses are being properly capitalized in the correct period.

UNIVERSITY RESPONSE

Agree. The University will ensure that appropriate reviews of invoice details are performed so that accurate service dates are entered into the accounting system in order to properly record accrued expenses. The results of the audit were reviewed with accounts payable staff, and additional training has been provided to underscore the importance of the accuracy of the service dates to ensure expenditures are properly recorded in either the prior or current fiscal year. Each year at fiscal year-end, the Accounts Payable supervisor will meet with staff to provide refresher training on this issue. Accounts Payable staff have been encouraged to seek guidance and further review of any invoices in which the service dates are not clearly discernable.

Also, the University will implement the following control regarding payments on fixed assets to ensure expense capitalization in the proper period. Any invoices entered and corresponding payments made in July that are accruable due to receipt of equipment prior to July 1st will be shared with the respective Property Control staff for review and inclusion as capitalized assets as needed. The results of this audit were shared with Property Control staff. Recording an expense accrual in the prior year as well as capitalizing the equipment into the prior year fixed assets period will ensure that the applicable expense and capitalization will occur in the same fiscal year.

SOUTHERN ILLINOIS UNIVERSITY
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SCHEDULE OF PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2024

A. Finding - Inadequate Internal Controls over Census Data

Southern Illinois University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During the current examination, no exceptions were noted in relation to the census data. (Finding Code No. 2023-001, 2022-001, 2021-001, 2020-001)