



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GOVERNORS STATE UNIVERSITY

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

Release Date: April 8, 2020

| 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> |
| Category 1: | 0 | 0 | 0 | 2018 | | 19-02 | |
| Category 2: | 4 | 8 | 12 | 2016 | | 19-05, 19-06, 19-07, 19-11 19-12 | |
| Category 3: | <u>0</u> | <u>0</u> | <u>0</u> | 2014 | | 19-01 | |
| TOTAL | 4 | 8 | 12 | 2005 | | 19-09 | |
| FINDINGS LAST AUDIT: 19 | | | | | | | |

INTRODUCTION

This Digest covers our federal Single Audit and Compliance Examination of the Governors State University (University) for the year ended June 30, 2019. A separate Financial Audit as of and for the year ended June 30, 2019 was previously released on February 19, 2020. This report contains 12 findings, none of which were reported in the financial audit.

SYNOPSIS

- (19-01) The University did not comply with various requirements for its Head Start Program.
- (19-03) The University incorrectly calculated the amount of Title IV Funds the University was required to return to the U.S. Department of Education.
- (19-06) The University did not comply with the Abused and Neglected Child Reporting Act.
- (19-12) The University did not comply with applicable property and equipment requirements.

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.

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

| COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES | FY 2019 | FY2018 |
|--|---------------------|----------------------|
| INCOME FUND REVENUES | | |
| Student Tuition and Fees..... | \$ 35,237,876 | \$ 36,600,103 |
| Investment Income..... | 1,043,129 | 452,910 |
| Miscellaneous..... | 9,203 | 2,454,036 |
| Total Revenues..... | <u>36,290,208</u> | <u>39,507,049</u> |
| INCOME FUND EXPENDITURES | | |
| Personal Services..... | 18,430,901 | 10,030,606 |
| Medicare and benefits..... | 1,364,847 | 872,329 |
| Contractual Services..... | 6,964,056 | 6,409,955 |
| Travel..... | 356,818 | 284,848 |
| Commodities..... | 644,084 | 594,838 |
| Equipment and Permanent Improvements..... | 756,087 | 473,738 |
| Telecommunications Services..... | 155,031 | 147,889 |
| Operation of Automotive Equipment..... | 46,629 | 47,139 |
| Miscellaneous Expenditures..... | - | 50,648 |
| Awards, Grants and Matching Funds..... | 774,585 | 864,960 |
| Tuition and Fee Waivers..... | 1,420,068 | 1,197,264 |
| Debt Service Transfer..... | 579,073 | 579,073 |
| Other Transfers..... | 95,769 | 376,723 |
| Total Expenditures..... | <u>31,587,948</u> | <u>21,930,010</u> |
| EXCESS OF REVENUES OVER EXPENDITURES..... | <u>\$ 4,702,260</u> | <u>\$ 17,577,039</u> |
| SUPPLEMENTAL INFORMATION (Unaudited) | | |
| | FY 2019 | FY 2018 |
| Employment Statistics | | |
| Faculty and Staff (State Appropriated Funds)..... | 654.1 | 630.1 |
| Faculty and Staff (Nonappropriated Funds)..... | 189.1 | 177.4 |
| Graduate Assistants and Students (State Appropriated Funds)..... | 53.3 | 54.6 |
| Graduate Assistants and Students (Nonappropriated Funds)..... | 106.3 | 94.1 |
| Total Employees..... | <u>1,002.8</u> | <u>956.2</u> |
| Enrollment Statistics | | |
| Fall term enrollment - undergraduate..... | 2,518 | 2,604 |
| Fall term enrollment - graduate..... | 1,226 | 1,385 |
| Total..... | <u>3,744</u> | <u>3,989</u> |
| Cost Per Student | | |
| Cost Per Full-Time Equivalent Student..... | \$ 7,537 | \$ 6,887 |
| AGENCY DIRECTOR | | |
| During Examination Period: Dr. Elaine P. Maimon | | |
| Currently: Dr. Elaine P. Maimon | | |

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

NONCOMPLIANCE WITH HEAD START PROGRAM REQUIREMENTS

The University did not comply with various requirements for its Head Start Program.

Head Start Program 3 to 12 individuals under-enrolled during fiscal year

The University did not meet the funded enrollment requirements for its Head Start Program. In our detailed testing of the monthly enrollment reports for Fiscal Year 2019, we noted the University did not meet the funded enrollment requirement for 11 months (3 to 12 individuals under-enrolled)

The University did not fully comply with the program governance special tests and provisions compliance requirements applicable to the University's Head Start Program. We requested documentation to substantiate the Head Start Program's Governing Board and Policy Council were provided with accurate and regular financial and other information. The University could not provide any documentation of the Policy Council being provided the financial audit for Fiscal Year 2017. As of the date of our testing (June 10, 2019), the Fiscal Year 2018 financial audit had not been provided to the Governing Board or Policy Council. The University did provide the Fiscal Year 2018 financial audit to the Policy Council subsequent to our inquiry.

The University's internal controls over the compliance requirements of allowable costs/cost principles applicable to the Head Start Program were ineffective. We tested internal controls and compliance relative to 40 expenditures (including 8 journal entries), totaling \$85,749, and noted the following:

Two expenditures (\$3,000) did not include evidence of review

- Two of the expenditures (\$3,000) were journal entries which did not include evidence of review and approval by an appropriate supervisor of the calculation supporting the journal entry or the journal entry itself.
- One expenditure (\$548) did not have the required source documentation attached to the expenditure package.
- One expenditure package (\$67) (evidencing source documentation and approvals) could not be located by the University. (Finding 1, pages 16-20) **This finding has been repeated since 2014.**

We recommended the University improve its recruitment procedures, provide all required information to its Head Start Governing Board and Policy Council, and improve its controls to ensure all program charges are appropriately reviewed.

University agreed with auditors

University officials agreed with the finding and stated they have begun a process of addressing the issues identified.

INACCURATE RETURN OF TITLE IV FUNDS CALCULATIONS

The University incorrectly calculated the amount of Title IV Funds the University was required to return to the U.S. Department of Education (ED).

Three of 25 students' period of enrollment was incorrect resulting in a total of \$341 not refunded to Department of Education

Our testing of 25 students who withdrew from the University identified three students (12%) where the University determined the period of enrollment by the student incorrectly. The University failed to exclude the University's Spring Break from the number of calendar days completed during the period for those students who withdrew during the Spring Break. As a result, the University did not initially return the correct amount of Title IV Funds (a total of \$341 was not refunded). Once this information was brought to the attention of the University, the additional amount was refunded to the ED. (Finding 3, pages 23-24)

We recommended the University improve its procedures to ensure all return of Title IV Funds calculations are prepared in accordance with ED's regulations.

University agreed with auditors

University officials agreed with the finding and stated they have implemented a process to address the issue.

CHILD ABUSE REPORTER TRAINING

The University did not comply with the Abused and Neglected Child Reporting Act regarding training. Our testing of 35 employees identified:

20% of employees tested did not receive required reporter training within one year of initial employment

- 7 (20%) employees did not receive the required reporter training within one year of initial employment.
- 8 (23%) employees in which the University did not have any signed documentation in which the employee acknowledges the reporting requirements of the Act.
- 11 (31%) employees did not sign the documentation in which the employee acknowledges the reporting requirements of the Act prior to the commencement of employment.
- 11 (31%) employees signed documents after January 1, 2019 acknowledging the reporting requirements of the Act, however the form was not up to date as it did not include information regarding mandated reporter training provided by the Department of Children and Family Services. (Finding 6, page 29-30) **This finding has been repeated since 2016.**

31% of employees tested did not receive up to date training

We recommended the University comply with the requirements of the Act and ensure all employees receive the proper training within the required timeframe, include the proper information in the employee's signed training statements, and timely obtain signed statements from required employees.

University agreed with auditors

University officials agreed with the finding and stated the University will modify its practices to work towards compliance.

INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

The University did not comply with requirements applicable to its property and other equipment.

Complete assessment of 43 computer items requested for deletion not timely performed

We examined and performed procedures on the physical inventory performed by the University that was certified as of October 9, 2018. We noted the University reported 82 items, valued at \$92,040, of unlocated equipment. Those unlocated items included 43 computers, CPU's, and other electronic storage devices totaling \$47,369. The University did not immediately perform a complete assessment of the missing computers and storage devices to determine whether they contained confidential information and whether notifications were required as outlined in the Personal Information Protection Act (815 ILCS 530/25).

5 computers sent to surplus had no evidence the computers had been "wiped" prior to transfer

We also tested 25 computers that were sent to surplus according to the University's property control records to determine whether the University complied with its internal procedures and maintained evidence the computers had been "wiped" prior to transfer. The University could not provide any evidence 5 (20%) of these computers were cleared of data and software before they were transferred to surplus.

We tested 10 equipment additions made during the year and noted one (10%) item (stage box) did not include the delivery costs (totaling \$60) in the purchase price of the equipment. We also noted 7 (70%) of the additions were not timely added (12 to 214 days late) to the property control records.

We tested 10 equipment deletions during the year and noted 2 (20%) of the deletions were not timely deleted (both were 31 days late) from the property control records. (Finding 12 pages 38-40) **This finding has been repeated since 2016.**

We recommended the University improve the operation of its internal controls over the accountability of University equipment and comply with its procedures for documenting wiping of computer equipment prior to disposal and ensuring items are accurately and timely recorded. Further, we recommended the University perform timely assessments of

all missing computer and data storage equipment to determine whether they contained confidential information and whether notifications under the Personal Information Protection Act are required.

University agreed with auditors

University officials agreed with the finding and stated they will continue to improve its property control process and reporting requirements.

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 OPINIONS

The financial report was previously released. The auditors stated the financial statements of the University as of and for the year ended June 30, 2019 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 University'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 engagement was conducted by Borschnack, Pelletier & Co.

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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