

REPORT DIGEST

ILLINOIS STATE UNIVERSITY FINANCIAL AND COMPLIANCE AUDIT (In accordance with the Single Audit Act of 1984, and OMB Circular A-133) FOR THE YEAR ENDED JUNE 30, 1995

SYNOPSIS

- The University's current accounting system is outdated and inefficient for preparing financial statements and various other financial reports. This finding has existed since 1994.

{Financial Information is summarized on the reverse page.}

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

ACCOUNTING SYSTEM IS OUTDATED AND NOT EFFICIENT

The current accounting system utilized by the University Comptroller's Office is outdated and is not efficient for preparing financial statements and various other financial reports. This system has not been upgraded for several years. The various areas within the Comptroller's Office have ten different nonintegrated accounting systems which have evolved over time. These various systems process information throughout each fiscal year, and each system independently generates financial information. Preparation of the University's agency-wide financial statements is difficult because numerous combinations, eliminations, and allocations of amounts from the ten nonintegrated systems must be made.

An efficient and effective accounting system should facilitate the preparation of agency-wide financial statements, simplify daily record keeping, and enable individuals in various areas of the Comptroller's Office to have access and use the information from other areas. (Finding 1, page 7) **This finding was repeated from our 1994 audit.**

University officials agreed with our recommendation to make the upgrading of the accounting system a high priority. They stated they were examining vendor software packages. (For the previous agency response, see Digest Footnote 1.)

OTHER FINDINGS

The remaining findings and recommendations are less significant and have been given appropriate attention by University management. We will review progress toward implementation of our recommendations during our next audit. University responses were provided by Mr. Ron Jones, Assistant Vice President and Comptroller.

AUDITORS' OPINION

Our auditors state the June 30, 1995 financial statements of Illinois State University are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:KMA:pp

SUMMARY OF AUDIT FINDINGS

Number of This Audit Prior Audit

Audit findings 44

Repeated audit findings 22

Prior recommendations implemented
or not repeated 23

SPECIAL ASSISTANT AUDITORS

Geo. S. Olive & Co. LLC were our special assistant auditors for this audit.

DIGEST FOOTNOTE

#1 OUTDATED ACCOUNTING SYSTEM - Previous Agency Response

1994: "The University agrees to make the upgrading of the accounting system a high priority. A team has been formed and initial review and planning began in July 1994."

ILLINOIS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
For The Year Ended June 30, 1995

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1995	FY 1994
REVENUES		
Appropriations	\$ 70,688,800	\$ 68,814,700
Student tuition and fees	54,013,880	53,889,791
Grants, contracts, and gifts	20,163,781	20,359,956
Sales and services of educational departments	4,348,495	4,349,484
Auxiliary enterprises	36,743,972	35,890,892
Other	<u>5,463,165</u>	<u>4,790,991</u>
Total	<u>\$191,422,093</u>	<u>\$188,095,814</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 54,803,196	\$ 54,270,937
Research	7,227,457	6,776,287
Public Service	8,140,420	8,107,261
Academic support	17,572,239	17,467,141
Student services	20,919,178	20,286,279
Institutional support	12,450,243	12,051,659
Operation of plant	14,555,112	14,681,564
Staff benefits	6,985,676	6,006,501
Student Aid	12,134,604	13,321,624
Auxiliary enterprises	28,920,323	28,920,115
Mandatory transfers	<u>7,031,213</u>	<u>7,433,171</u>
Total	<u>\$190,739,661</u>	<u>\$189,322,539</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	JUNE 30, 1995	JUNE 30, 1994
Cash and short-term investments	\$ 6,486,049	\$ 9,356,010
Investments	27,173,858	22,949,633
Buildings, land, and equipment	338,068,936	342,101,834
Accrued compensated absences	19,574,209	17,638,319
Revenue bonds payable	47,257,215	48,524,168
Fund balances (deficit):		
Unrestricted	(523,609)	(1,864,275)
Restricted	1,286,465	1,312,725
Loan	9,411,079	9,224,227
Net investment in plant	300,933,361	302,363,083
SUPPLEMENTARY INFORMATION	FY 1995	FY 1994
<u>Employment Statistics (Full Time Equivalent)</u>		
Appropriated funds:		
Faculty/administrative	1,199.3	1,212.0
Civil service	752.4	785.4
Student employees and miscellaneous contracts	278.4	321.2
Nonappropriated funds:		
Faculty/administrative	358.2	370.3
Civil service	549.6	548.8
Student employees	<u>369.1</u>	<u>462.5</u>
Total Employees	<u>3,507.0</u>	<u>3,700.2</u>
<u>Selected Activity Measures</u>		
Annual full-time equivalent students	17,056	17,197
Full-time equivalent cost per student	\$6,247	\$6,213
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Thomas P. Wallace Currently: Dr. David A. Strand, Interim President (effective August 15, 1995)		