

**SOUTHERN ILLINOIS UNIVERSITY**

A Component Unit of the State of Illinois

**Reports Required Under  
*Government Auditing Standards for***

**SOUTHERN ILLINOIS UNIVERSITY  
HOUSING AND AUXILIARY FACILITIES SYSTEM  
AND  
MEDICAL FACILITIES SYSTEM**

For the Year Ended June 30, 2020

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, 2020

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Southern Illinois University's Compliance Examination (including the Single Audit) for the year ended June 30, 2020 will be issued under a separate cover at a later date. Additionally, the University's and Systems' financial statements as of and for the year ended June 30, 2020 have been issued under a separate cover.	

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2020

**UNIVERSITY OFFICIALS**

President (3/1/20 to 6/30/20)	Dr. Daniel Mahony
Interim President (7/1/19 to 2/29/20)	J. Kevin Dorsey
Fiscal Officer	Duane Stucky
General Counsel	Lucas Crater
Executive Director, Internal Audit	Kimberly Labonte
SIUC Chancellor (7/1/20 to present)	Austin Lane
SIUC Interim Chancellor (through 6/30/20)	John M. Dunn
SIUE Chancellor	Randall Pembrook

**BOARD OFFICERS**

Board Chair (2/14/19 to present)	J. Phil Gilbert
Board Vice Chair (3/27/19 to present)	Ed Hightower
Board Secretary (3/27/19 to present)	Roger Tedrick
Secretary to the Board	Misty Whittington

**GOVERNING BOARD MEMBERS**

Trustee (3/22/19 to present)	Edgar Curtis
Trustee (3/15/21 to present)	Tonya Genovese
Trustee (3/2/15 to present)	J. Phil Gilbert
Trustee (3/22/19 to present)	Ed Hightower
Trustee (3/22/19 to present)	Subhash Sharma
Trustee (3/2/15 to 11/16/20)	Amy Sholar
Trustee (3/22/19 to present)	John Simmons
Trustee (3/22/19 to present)	Roger Tedrick
Student Trustee (7/1/20 to 6/30/21)	Steve Gear
Student Trustee (7/1/20 to 6/30/21)	Jacob Graham
Student Trustee (7/1/18 to 6/30/20)	Brione Lockett
Student Trustee (7/1/19 to 6/30/20)	Mackenzie Rogers

**EX OFFICIO MEMBER**

Superintendent of Public Instruction

State Superintendent	Dr. Carmen I. Ayala
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**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2020

**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, 2020

**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 those audits.

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

**SUMMARY OF FINDINGS**

The auditors identified two matters involving the University’s internal control over financial reporting that they consider to be a material weakness and a significant deficiency. Further, the auditors identified one noncompliance matter.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDINGS				
2020-001	7	New	Lack of Reconciliation Process for Census Data submitted to Pension and OPEB plans	Material Weakness and Noncompliance
2020-002	12	New	Overstatement of Net Capital Assets	Significant Deficiency

**EXIT CONFERENCE**

The University waived an exit conference in a correspondence from Kim Labonte, Executive Director, Internal Audit, on May 7, 2021. The responses to the recommendations were provided by Kim Labonte, Executive Director, Internal Audit, in a correspondence dated May 7, 2021.

**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

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 of Southern Illinois University and its aggregate discretely presented component units (the “University”), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2020, 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 May 14, 2021.

Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements.

The financial statements of The Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale), The Alumni Association of Southern Illinois University Edwardsville, and Southern Illinois University Edwardsville Foundation, component units of the University, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control or compliance and other matters associated with these component units or the component units that were reported on separately by those auditors who audited the financial statements of University Park, Southern Illinois University at Edwardsville, Inc., Southern Illinois Research Park, Inc., Carbondale, SIU Physicians & Surgeons, Inc., and the SIUE East St. Louis Charter School, component units of the University.

**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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2020-001.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

### **Internal Control Over Financial Reporting**

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

*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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2020-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying Schedule of Findings as item 2020-002 to be a significant deficiency.

### **University's Response to the Finding**

The University's response to the findings identified in our audit are described in the accompanying Schedule of Findings. The University's response was not subjected to the 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.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

Signature on file

**Plante & Moran, PLLC**

Portage, Michigan  
May 14, 2021



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS**  
For the Year Ended June 30, 2020

**2020-001. FINDING: Inadequate Internal Controls over Census Data**

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

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

- 1) The University had not performed an initial complete reconciliation of its census data recorded by SURS and CMS to its internal records to establish a base year of complete and accurate census data.
- 2) After establishing a base year, the University had not developed a process to annually obtain from SURS and CMS the incremental changes recorded by SURS and CMS in their census data records and reconcile these changes back to the University's internal supporting records.

Upon due consideration and based upon the significance of these issues alone, we concluded a material weakness exists within the University's internal controls related to ensuring both SURS and CMS can provide their respective actuaries with complete and accurate census data related to the University.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2020

**2020-001. FINDING: Inadequate Internal Controls over Census Data (Continued)**

Even given these two exceptions, we performed detail testing and certain data analysis tests and noted the following additional exceptions:

- 3) We conducted data matches of (1) individuals pulled from the University's records whom the University believed should have been participating in SURS during the census data accumulation period throughout Fiscal Year 2018 and (2) the University's faculty members teaching a class during the census data accumulation period throughout Fiscal Year 2018 to SURS' records. As a result of this testing, we identified 14 individuals who had been improperly excluded from participating in SURS, which resulted in these people not having any employee contributions collected by the University and reported to SURS during the census data accumulation period throughout Fiscal Year 2018.
- 4) We performed an analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2018, noting 10 of 1,091 (1%) employees reported as hired had actually been hired in other fiscal years. SURS determined the total potential impact to each of these employee's total service credit was it could be off by one-quarter to 1 year.
- 5) As of the end of the census data accumulation year on June 30, 2018, we identified 11 employees where each employee's associated termination or rehire date(s) had been untimely reported to SURS. While these employees were all associated with the University at June 30, 2018, some or all of these untimely reports may have occurred at other public universities and community colleges across the State. SURS determined these errors resulted in the employees being misclassified between the active, retired, and inactive member categories within SURS. The total potential impact to each former employee's total service credit was it could be off between 0.0 and 1.75 years.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2020

**2020-001. FINDING: Inadequate Internal Controls over Census Data (Continued)**

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

Further, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

In addition, the Illinois Pension Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds. Additionally, the Act (5 ILCS 375/10) requires active employees to make contributions as set by CMS and the Act (5 ILCS 375/11) requires employer contributions by the University for all employees not totally compensated from its Income Fund, local auxiliary funds, and the Agricultural Premium Fund.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2020

**2020-001. FINDING: Inadequate Internal Controls over Census Data (Continued)**

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

University officials indicated they were not aware of the need to reconcile their records to CMS and SURS census data records and other exceptions were due to employee error and oversight.

Failure to ensure complete and accurate census data was reported to SURS and CMS could have resulted in a material misstatement of the University's financial statements and reduced the overall accuracy of pension/OPEB-related liabilities, deferred inflows and outflows of resources, and expense recorded by the State, the State's agencies, and other public universities and community colleges across the State. In addition, failure to reconcile active members' census data reported to and held by SURS and CMS to the University's internal records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the University's pension and OPEB balances, which could result in a material misstatement of these amounts. (Finding Code No. 2020-001)

**RECOMMENDATION**

We recommend the University implement controls to ensure census data events are timely and accurately reported to SURS and CMS.

Further, we recommend the University work with SURS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

Additionally, we recommend the University work with SURS and CMS to identify and address any unremitted or erroneously remitted employee and, if applicable, employer contributions related to these events.

Finally, due to the interrelatedness of SURS, the mobility of employees to change their employers within SURS, and a specific noncompliance matter regarding whether a person is eligible to participate in SURS identified during testing at Governors State University (please see Governors State University's Fiscal Year 2020 financial audit report for more information), we recommend the University work with both SURS and Governors State University to identify employees initially hired by Governors State University with a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who had not met the Internal Revenue

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2020

**2020-001. FINDING: Inadequate Internal Controls over Census Data (Continued)**

Service's substantial presence test and started employment on and after July 1, 1991.

**UNIVERSITY RESPONSE**

We Agree. SIU Carbondale and SIU Edwardsville have processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems as contracts are received from departments. However, the University had not performed a complete annual reconciliation of the census data with SURS and CMS. As such, the campuses have developed processes to address the recommendation and will work toward implementation of those processes.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2020

**2020-002: FINDING: Insufficient Controls over Financial Reporting of Capital Asset Additions**

Southern Illinois University (Carbondale) recorded and failed to detect an incorrect value for an in-kind contribution of a capital asset, which resulted in an overstatement of capital assets and the related depreciation expense at June 30, 2020.

We tested 18 capital asset additions and noted 1 (6%) addition was misreported. The University's Carbondale campus entered an in-kind capital contribution at the incorrect amount and did not sufficiently review the entry or detect a typographical error prior to its identification during the audit. The capital asset and related depreciation were overstated by \$793,000 and \$40,907, respectively.

University management stated the misstatement was due to a typographical error during the recording of an in-kind capital asset contribution, and a secondary review of the entry was not performed timely to detect the error.

Government Accounting Standards Board Statement 34, paragraph 18, states that donated capital assets should be reported at the estimated fair value at the time of acquisition plus ancillary charges, if any. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that expenditures and transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal controls require the University to sufficiently review capital asset additions activity during the year to allow for the identification and correction of errors.

Failure to maintain adequate internal controls over recording and review of capital asset additions could result in inaccurate financial reporting. (Finding Code No. 2020-002)

**RECOMMENDATION**

We recommend the University strengthen its internal controls related to financial reporting of assets placed in service to ensure recording at the appropriate value. We specifically recommend accounting staff perform an independent secondary review of capital additions to ensure items agree to supporting documentation and are properly recorded.

**UNIVERSITY RESPONSE**

Implemented. To strengthen controls related to asset valuation recording, a monthly report has been developed and implemented by property control staff. The report generates all capitalized asset additions recorded during the month and focuses on the tag number, buying account information, and the recorded value of the asset. The items on the report are traced back to the source documents on file at property control. The tracing and reviewing processes are not performed by the same staff that records the asset. Any discrepancies will be corrected upon discovery.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**HOUSING AND AUXILIARY FACILITIES SYSTEM**  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2020

**REPORT REQUIRED UNDER GOVERNMENT AUDITING STANDARDS**

**SUMMARY**

The audit of the financial statements of Southern Illinois University Housing and Auxiliary Facilities System (HAFS) was performed by Plante & Moran, PLLC in accordance with *Government Auditing Standards*. This report is an integral part of those audits.

Based on their audit, the auditors expressed an unmodified opinion on HAFS's basic financial statements, issued under separate cover.

**EXIT CONFERENCE**

The System waived an exit conference in a correspondence from Kim Labonte, Executive Director, Internal Audit, on May 7, 2021.

**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

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 of Southern Illinois University Housing and Auxiliary Facilities System (the "System"), a segment of Southern Illinois University, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and we have issued our report thereon dated May 14, 2021

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether System'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*.

**Internal Control Over Financial Reporting**

Management of the System is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the System's internal control to determine the 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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.



Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

*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 entity'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.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Signature on file

**Plante & Moran, PLLC**

Portage, Michigan  
May 14, 2021

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MEDICAL FACILITIES SYSTEM**  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2020

**REPORT REQUIRED UNDER GOVERNMENT AUDITING STANDARDS**

**SUMMARY**

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

Based on their audit, the auditors expressed an unmodified opinion on MFS's basic financial statements, issued under separate cover.

**EXIT CONFERENCE**

The System waived an exit conference in a correspondence from Kim Labonte, Executive Director, Internal Audit, on May 7, 2021.

**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

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 of Southern Illinois University Medical Facilities System (the "System"), a segment of Southern Illinois University, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and we have issued our report thereon dated May 14, 2021.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether System'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*.

**Internal Control Over Financial Reporting**

Management of the System is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the System's internal control to determine the 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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

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 entity'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.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Signature on file

**Plante & Moran, PLLC**

Portage, Michigan  
May 14, 2021