

REPORT DIGEST

**SOUTHERN ILLINOIS UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
(In accordance with the Federal Single Audit Act
of 1984 and OMB Circular A-133)
FOR THE TWO YEARS ENDED JUNE 30, 1993**

{Expenditures and Activity Measures are summarized on the reverse page.}

INTRODUCTION

Our 1993 audit of Southern Illinois University is presented in five volumes: Report on Compliance; Supplementary Financial Information; Financial Report; Supplement to the Annual Financial Report; and, Report to the Bondholders. The Report on Compliance contains twelve findings with our related recommendations.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

BANK ACCOUNTS

The University did not update its records for activities in its foreign bank accounts. The activities in the University's Austrian bank account were not recorded for the final two months of fiscal 1993. The account is maintained to collect deposits for the University's foreign exchange program in Austria. No deposit or transfer activities were recorded either at the Austrian Office or at the Carbondale Campus for May and June of 1993. At June 30, 1993, the Austrian account had a balance of \$6,800 while the University's records had a balance of \$20,800. (Finding 2, page 9)

We recommended the University assign staff at the Carbondale Campus and the Austrian Office to maintain records and monitor activities in its foreign bank accounts.

University officials stated they have implemented the recommendation and are now receiving documentation of Austrian deposits and withdrawals on a timely basis.

BOOKSTORE INVENTORIES

The perpetual inventory system at the Carbondale Campus Bookstore does not provide accurate cost information, and annual physical inventory procedures are inadequate. An inventory system should provide internal controls to assist management in purchasing books, reviewing quantities, and recording activities. The results of physical inventory counts should be reconciled to recorded amounts and properly adjusted. At June 30, 1993, the Carbondale Campus Bookstore had an inventory balance of \$1,512,000. (Finding 6, page 13)

We recommended the University update its perpetual inventory system and physical inventory procedures to improve internal controls at the Bookstore.

University officials stated they are implementing the recommendations by converting to a new textbook and tradebook system that will improve accounting controls at the Bookstore.

ACCOUNTS RECEIVABLE

The Edwardsville Campus Bursar's Office does not have formal policies and procedures for the identification and write-off of uncollectible accounts. Very few accounts, only \$7,500 in fiscal 1993, have been written-off. The State Collection Act of 1986 (30 ILCS 210/1) states that once the University has attempted to collect the accounts "by all reasonable means", a request can be submitted to the Attorney General to pursue collection and to assist in the transfer of those accounts from the University.

Effective January 1, 1987, the Act requires all debts greater than \$1,000 and one year old be placed in the State Comptroller's CUSAS Offset System. At June 30, 1993, the Edwardsville Campus had \$8,506,000 in receivables, many over \$1,000 and over one year old. (Finding 10, page 17)

We recommended the University establish a formal policy and procedures to identify and write-off accounts determined to be uncollectible.

University officials stated they are implementing our recommendations by adopting a new Collection/Write-Off Policy with write-offs to begin by June of 1994.

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the University. We will review the University's progress towards the implementation of our recommendations in our next compliance audit.

Ms. Elaine Hyden, Executive Director of Audits, provided the University's responses.

AUDITORS' OPINION

Our auditors stated the June 30, 1993 financial statements of the University are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:KMM:pp

SUMMARY OF AUDIT FINDINGS

Number of This Audit Prior Audit

Audit findings 1217

Repeated audit findings 310

Prior recommendations implemented
or not repeated 1414

SPECIAL ASSISTANT AUDITORS

Deloitte & Touche were our special assistant auditors for this audit.

SOUTHERN ILLINOIS UNIVERSITY **FINANCIAL AND COMPLIANCE AUDIT** **FOR THE TWO YEARS ENDED JUNE 30, 1993**

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1993	FY 1992
REVENUES		
State Appropriations	\$176,499,000	\$181,919,000
Student Tuition and Fees	89,498,000	77,324,000
Federal Grants	40,437,000	37,530,000
Grants and Contracts	32,961,000	35,858,000

Other Sources	50,162,000	45,662,000
Enterprise Sales	<u>40,191,000</u>	<u>38,598,000</u>
Total	<u>\$429,748,000</u>	<u>\$416,891,000</u>
EXPENDITURES		
Instruction	\$140,515,000	\$139,175,000
Research	26,421,000	27,789,000
Public Service	27,870,000	26,153,000
Academic Support	48,794,000	43,471,000
Operation of Plant	30,799,000	29,104,000
Other Services	112,510,000	105,574,000
Enterprise Expenses	<u>37,234,000</u>	<u>36,687,000</u>
Total	<u>\$424,143,000</u>	<u>\$407,953,000</u>
SUPPLEMENTARY INFORMATION		
	FY 1993	FY 1992
Cash and Investments	\$93,535,000	\$66,906,000
Campus Plant Facilities	\$634,930,000	\$632,784,000
Accrued Compensated Absences	\$37,012,000	\$34,536,000
Revenue Bonds Payable	\$55,683,000	\$40,660,000
Employees		
Carbondale	10,327	10,575
Edwardsville	<u>2,836</u>	<u>3,176</u>
Total Employees	<u>13,163</u>	<u>13,751</u>
Students		
Carbondale	20,902	20,995
Edwardsville	<u>9,307</u>	<u>9,343</u>
Total Students	<u>30,209</u>	<u>30,338</u>
Costs Per Student (Instruction Costs Only)	<u>\$ 4,651</u>	<u>\$ 4,587</u>
Classroom Utilization (Daytime Maximum)		
Carbondale	74%	74%
Edwardsville	78%	78%
UNIVERSITY CHANCELLOR		
During Audit Period: Dr. James M. Brown		
Currently: Dr. James M. Brown		