

REPORT DIGEST

CHICAGO 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

- Some of the University's reconciled bank account balances were not traceable to book balances contained in its general ledger.
- The University continues to have a problem obtaining timely sabbatical leave accomplishment reports from its faculty.
- The University failed to include capital leases for a new computer system valued at \$1,358,284 on its Quarterly Fixed Asset Report as required by the Comptroller's Unified Statewide Accounting System.
- The University failed to return excess federal cash totalling \$55,769 to the Secretary of the Department of Education for Perkins Loan funds.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER BANK RECONCILIATIONS

Some of the University's reconciled bank account balances were not traceable to book balances contained in its general ledger.

During our audit, we noted that the adjusted book balances for five of fourteen bank reconciliations did not agree to the corresponding general ledger account balances. We also noted that two bank reconciliations were not performed until between four to six months after the June 30, 1995 year end. In one other instance, the University did not perform a reconciliation for one of its bank accounts, and supervisory review was not evident on another. (Finding 1, page 8)

University officials agreed with our recommendation to perform timely bank reconciliations. They said corrective action has been taken and that this finding would not be repeated.

INADEQUATE CONTROLS OVER FACULTY SABBATICAL LEAVE

The University continues to have a problem obtaining timely sabbatical leave accomplishment reports from its faculty.

Two out of fifteen sabbatical leave reports were not submitted to the University's vice president, dean, and department chair. In addition, one other report was not filed by the end of the school year following the sabbatical as required. The faculty agreement requires the individual to prepare a written report relating to the sabbatical activities and accomplishments. The agreement also stipulates that the report should be filed by the end of the school year following the sabbatical and placed in the individual's personnel file. (Finding 4, page 11)

University officials agreed with our finding and recommendation to exercise more care when monitoring the submission of the required sabbatical reports.

INCOMPLETE FIXED ASSET REPORT

The University failed to include capital leases for a computer system valued at \$1,385,284 on its Quarterly Fixed Asset Report as required by the Comptroller's Unified Statewide Accounting System (CUSAS).

The University was unaware of the capital lease requirements relating to the acquisition of the new computer system and related software. Failure to include all reportable equipment on the Quarterly Fixed Asset Report is a violation of CUSAS procedures and results in an understatement of the State's fixed assets. (Finding 7, page 14)

University officials accepted our finding and recommendation to provide proper personnel

training to ensure compliance with the Comptroller's fixed asset reporting requirements.

FAILURE TO RETURN EXCESS CASH TO THE DEPARTMENT OF EDUCATION

The University failed to return excess cash to the Secretary of the federal Department of Education for the Perkins Loan Fund.

During our audit, we determined that the University had federal excess cash totalling \$55,769 at the end of the fiscal year which was not returned. According to University officials, the excess monies were not returned because they were in the process of hiring a new Financial Aid Director. According to the Department of Education Audit Guide, monies in excess of \$250 are to be returned annually. (Finding 23, page 60)

University officials agreed with our finding and recommendation. They said they would comply with the regulations. They also said that they have requested an appeal to the Department of Education.

OTHER FINDINGS

The remaining findings were 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 audit.

Mr. John Meehan, the University's Chief Internal Auditor, provided the responses to our recommendations.

AUDITORS' OPINION

Our auditors state the June 30, 1995 financial statements of Chicago State University and the University Auxiliary Facilities System Revenue Bond Fund are fairly presented.

_____WILLIAM G. HOLLAND, Auditor General

WGH:WLB

SUMMARY OF AUDIT FINDINGS

<u>Number of This Audit</u>	<u>Prior Audit</u>
Audit findings	1912
Repeated findings	5 6
Prior recommendations implemented or not repeated	7 8

SPECIAL ASSISTANT AUDITORS

Pandolfi, Topolski, Weiss & Co., LTD. were our special assistant auditors for this audit.

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

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1995	FY 1994
REVENUES		
State Support (Non-Income Fund)	\$ 28,383,697	\$ 24,110,600
Student tuition and fees	16,344,090	16,138,321
Grants, contracts, and gifts	15,049,055	14,343,962
Auxiliary enterprises	1,248,107	1,155,963
Other	<u>497,555</u>	<u>347,671</u>
TOTAL	<u>\$ 61,522,504</u>	<u>\$ 56,096,517</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 24,364,556	\$ 22,894,461
Research	1,495,487	1,019,034
Public service	2,927,404	2,319,819
Academic support	3,671,984	3,054,608
Student services	4,541,783	3,958,521
Institutional support	8,316,143	7,819,949
Operation of plant	5,557,304	5,287,048
Scholarships and fellowships	8,772,662	9,307,474
Auxiliary enterprises	1,427,986	1,414,919
Mandatory transfers	<u>1,276,511</u>	<u>1,205,476</u>
Total	<u>\$ 62,351,820</u>	<u>\$ 58,281,309</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	FY 1995	FY 1994
Cash and short-term investments (Current Funds)	\$10,394,611	\$23,695,786
Buildings, land, and equipment	\$93,763,987	\$75,602,730
Accrued compensated absences	\$8,271,271	\$7,530,014
Revenue bonds payable	\$23,840,000	\$23,915,000
Fund balances (deficit)		
Unrestricted	\$(5,778,111)	\$(5,129,935)
Restricted	\$8,911,468	\$23,208,940
Net investment in Plant	\$68,638,703	\$51,687,730
SUPPLEMENTARY INFORMATION	FY 1995	FY 1994
<u>Employment Statistics</u>		
Appropriated funds:		
Faculty/administrative/civil service	878	854
Non-appropriated funds:		
Student employees	<u>452</u>	<u>543</u>
Total Employees	<u>1,330</u>	<u>1,397</u>
<u>Selected Activity Measures</u>		
Annual full-time equivalent students - undergraduate	6,799	7,210
Annual full-time equivalent students - graduate	2,786	2,384
Full-time equivalent cost per student	\$5,814	\$5,454
Classroom Utilization - maximum	**	**
**University no longer maintains this information		
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Dolores Cross		
Currently: Dr. Dolores Cross		