



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

GOVERNORS STATE UNIVERSITY

Single Audit and Compliance Examination
 For the Year Ended June 30, 2014

Release Date: February 26, 2015

FINDINGS THIS AUDIT: 6	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2013		14-1, 14-2	
Category 2:	3	3	6	2005		14-4	
Category 3:	0	0	0				
TOTAL	3	3	6				
FINDINGS LAST AUDIT: 11							

SYNOPSIS

- (14-1) The University had inadequate procedures over the verification and updating of information submitted by students applying for subsidized financial aid.
- (14-5) The University needs to improve controls over verification of information included on a job applicant's resume or application prior to hiring.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with laws and regulations.

{Financial data is summarized on next page.}

GOVERNORS STATE UNIVERSITY
SINGLE AUDIT AND STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2014

INCOME FUND REVENUES AND EXPENDITURES	2014	2013
Fund Balance, beginning of year.....	\$ 44,871,120	\$ 39,644,295
Income Fund Revenues		
Student Tuition and Fees.....	30,649,384	30,210,075
Investment Income.....	8,215	23,227
Miscellaneous.....	13,553	-
Total Income Fund Revenues.....	30,671,152	30,233,302
Income Fund Expenditures		
Personal Services.....	18,662,014	16,172,760
Medicare.....	617,311	707,801
Contractual Services.....	4,605,337	3,761,251
Travel.....	356,601	363,570
Commodities.....	580,219	699,570
Equipment and Permanent Improvements.....	584,455	507,848
Telecommunications Services.....	280,023	228,518
Operation of Automotive Equipment.....	54,424	81,084
Awards, Grants and Matching Funds.....	915,818	1,012,737
Tuition and Fee Waivers.....	1,670,949	1,471,338
Total Income Fund Expenditures.....	28,327,151	25,006,477
Fund Balance, end of year.....	\$ 47,215,121	\$ 44,871,120
SUPPLEMENTARY INFORMATION (UNAUDITED)	2014	2013
Employment Statistics		
Faculty and Staff (State Appropriated Funds).....	590.2	594.3
Faculty and Staff (Nonappropriated Funds).....	227.2	261.8
Students (State Appropriated Funds).....	5.5	9.2
Students (Nonappropriated Funds).....	49.5	21.3
Total Employees.....	872.4	886.6
Enrollment Statistics		
Headcount:		
Annual Full-time Equivalent Undergraduate Students.....	2,324	2,331
Annual Full-time Equivalent Graduate Students.....	1,742	1,820
Total Headcount.....	4,066	4,151
Institutional Cost per Student.....	\$ 6,749	\$ 5,901
Credit Hours - Academic Year.....	111,515	113,602
Degrees Awarded - Fiscal Year.....	1,621	1,634
PRESIDENT		
During Audit Period and Current: Dr. Elaine Maimon		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE PROCEDURES OVER INFORMATION
IN STUDENT AID APPLICATIONS**

Governors State University (University) did not have adequate procedures over verification and updating of information submitted by students applying for subsidized financial aid.

During our detail verification testing, we noted the following:

- The University's written policies and procedures for verifying applicant's information did not include procedures for making referrals of applicants to the Office of Inspector General of the Department of Education for investigation.
- The University did not properly verify and update information submitted by students applying for financial aid to ensure accurate information was reflected on the Institutional Student Information Report (ISIR). We noted three (21%) of 14 students selected for verification had errors as follows:
 - Difference on a student's adjusted gross income of \$4,910 (\$11,232 per ISIR and \$6,322 per supporting documentation) and income tax paid of \$491 (\$1,123 per ISIR and \$632 per supporting documentation). The errors did not affect the total amount awarded to the student.
 - Difference on a student's income tax paid of \$713 (\$713 per ISIR and none per supporting documentation). The errors resulted in an overstatement of \$400 in awards made to the student.
 - A student's other untaxed income of \$32,130 was incorrectly posted to tax exempt interest income on the ISIR. The error did not affect the total amount awarded to the student. (Finding 1, pages 18-21).

University policies did not include procedures for investigation referrals

Errors noted in 21% of cases selected for testing

We recommended the University include in its written policies and procedures the process for making referral of applicants to the Office of Inspector General of the Department of Education for investigation. In addition, the University should enhance its procedures to ensure that information in student aid applications is properly verified and updated in accordance with federal regulations.

University agrees with auditors

University officials agreed with the finding and recommendation and stated they will update procedures and implement staff training.

NEED TO IMPROVE CONTROLS OVER VERIFICATION OF JOB APPLICANT'S INFORMATION

The University did not have adequate controls over verification of information included on a job applicant's resume or application prior to hiring.

Files lacked required documentation

During our testing of the University's compliance with its policy and procedures for verification of information included on a job applicant's resume or application, we noted five of ten employee personnel files reviewed (50%) did not have required documentation relating to the verification procedures. The University did not maintain the evidence of education credentials for one employee and did not have reference check forms for five employees. (Finding 5, pages 28-29).

University agrees with auditors

We recommended the University evaluate its internal control process to ensure that policy and procedures are formally documented and complied with.

University officials agreed with the finding and recommendation and stated that processes have been implemented to ensure that all job applicant information is forwarded to the Human Resources Department by the hiring supervisor.

OTHER FINDINGS

The remaining findings are reportedly being given attention by University officials. We will review progress toward implementation of our recommendation in our next audit.

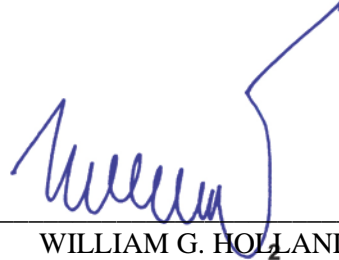
AUDITOR'S OPINION

The financial audit report was previously released. The auditors stated the financial statements of the Governors State University as of and for the year ended June 30, 2014, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by OMB Circular A-133. Our auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2014.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2014, as required by the Illinois State Auditing Act. The auditors stated the University complied, in all material respects, with the requirements described in the report.



WILLIAM G. HOLLAND
.. Auditor General

WGH:JGR

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this engagement were E.C. Ortiz & Co., LLP.