

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

**COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act
and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
(IN ACCORDANCE WITH THE SINGLE AUDIT ACT AND
APPLICABLE FEDERAL REGULATIONS)
FOR THE YEAR ENDED JUNE 30, 2016

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Financial Statement Report:

The University's financial statement report for the year ended June 30, 2016, which includes the Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, Supplementary Information, Other information, and the Independent Auditors' 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* has been issued separately.

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**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
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AGENCY OFFICIALS

President	Dr. Elaine P. Maimon
Interim Executive Vice President, Treasurer October 28, 2015 to June 30, 2016	Dr. Gebeyehu Ejigu
Executive Vice President, Treasurer Through October 28, 2015	Mr. David Meadows
Vice President for Administration and Finance January 16, 2017 to present	Ms. Kimberly Lambert-Thomas
Interim Vice President for Administration and Finance July 1, 2016 to January 15, 2017 November 1, 2015 to June 30, 2016	Ms. Kimberly Lambert-Thomas Dr. Jeffrey Slovak
General Counsel and Vice President	Ms. Alexis Kennedy
Internal Auditor March 1, 2017 to present May 1, 2016 to February 28, 2017 November 1, 2015 to April 30, 2016 Through October 31, 2015	Vacant Ms. Villalyn Baluga, CPA Vacant Mr. David Dixon
Associate Vice President for Finance Through February 28, 2017	Ms. Melinda Gieseke, CPA
Interim Associate Vice President for Finance March 1, 2017 to present	Ms. Villalyn Baluga, CPA

University offices are located at:
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University Park, Illinois 60484



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March 8, 2017

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Governors State University. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of Governors State University's compliance with the following assertions during the year ended June 30, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, Governors State University has materially complied with the assertions below.

- A. Governors State University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Governors State University has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. Governors State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by Governors State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by Governors State University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Governors State University

SIGNED ORIGINAL ON FILE

Dr. Elaine P. Maimon, President

SIGNED ORIGINAL ON FILE

Ms. Kimberly Lambert-Thomas, Vice President for Administration and Finance

SIGNED ORIGINAL ON FILE

Alexis Kennedy, General Counsel and Vice President

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a material weakness over internal control.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	20	7
Repeated findings	5	5
Prior recommendations implemented or not repeated	2	1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2016-001	18	Inadequate Controls Over Identifying and Recording Accrued Liabilities	Material Weakness / Noncompliance
2016-002	20	Inadequate Controls Over Student Accounts Receivable	Significant Deficiency / Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2016-003	22	Errors in the Verification and Updating of Student Aid Applications	Significant Deficiency / Noncompliance
2016-004	24	Financial Aid Awarded to Ineligible Students	Significant Deficiency / Noncompliance
2016-005	26	Federal Perkins Loan Conversion to Repayment	Significant Deficiency / Noncompliance
2016-006	28	Federal Perkins Loan Cohort Default Rate Too High	Significant Deficiency / Noncompliance

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FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2016-007	30	Failure to Meet Earmarking Requirements for Head Start Program	Significant Deficiency / Noncompliance
2016-008	32	Exit Counseling	Significant Deficiency / Noncompliance
2016-009	34	Noncompliance with Federal Reporting Requirements for Post-9/11 Veterans Educational Assistance Grant	Significant Deficiency / Noncompliance
FINDINGS (STATE COMPLIANCE)			
2016-010	36	Inadequate Controls Over Property and Equipment	Significant Deficiency / Noncompliance
2016-011	39	Noncompliance with Revenue Bond and Certificates of Participation Continuing Disclosures	Significant Deficiency / Noncompliance
2016-012	41	Child Abuse Reporter Training	Significant Deficiency / Noncompliance
2016-013	42	Noncompliance with the Campus Security Enhancement Act of 2008	Significant Deficiency / Noncompliance
2016-014	44	Noncompliance with the Illinois State Collection Act of 1986	Significant Deficiency / Noncompliance
2016-015	45	Inadequate Controls Over Verification of Job Applicant's Information	Significant Deficiency / Noncompliance
2016-016	46	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency / Noncompliance
2016-017	48	Time Sheets Not Properly Maintained	Significant Deficiency / Noncompliance
2016-018	50	Tuition and Fee Waivers Noncompliance	Significant Deficiency / Noncompliance

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2016-019	52	Noncompliance with the Higher Education Veterans Service Act Annual Reporting	Significant Deficiency / Noncompliance
2016-020	53	Computer Security Weaknesses	Significant Deficiency / Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

2016-001	18	Inadequate Controls Over Identifying and Recording Accrued Liabilities	Material Weakness / Noncompliance
2016-002	20	Inadequate Controls Over Student Accounts Receivable	Significant Deficiency / Noncompliance

PRIOR FINDINGS NOT REPEATED

A	54	Required Annual Submission to the U.S. Department of Education Not Made Timely
B	54	Weakness With Payment Card Industry Data Security Standards

EXIT CONFERENCE

The University waived having an exit conference in a communication dated March 2, 2017 from the University's Interim Associate Vice President for Finance, Ms. Villalyn Baluga.

The responses to the recommendations were provided by the University's Associate Vice President for Finance, Ms. Melinda Gieseke in a communication dated December 6, 2016 and by the University's Interim Associate Vice President for Finance, Ms. Villalyn Baluga in a communication dated March 8, 2017.



Certified Public Accountants & Consultants

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INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Governors State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Governors State University's (University) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2016. The management of the University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the University's compliance with specified requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, and 2016-010 through 2016-020.

Internal Control

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the University's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-010 through 2016-020 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2016, and have issued our report thereon dated December 8, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. Our report included reference to other auditors who audited the financial statements of the University's discretely presented component unit and whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit was based solely on the report of the other auditors. We have not performed any procedures with respect to the audited financial statements subsequent to December 8, 2016. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 12, 15 and 16 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 12, 15 and 16 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 12, 15 and 16 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

The University's basic financial statements for the year ended June 30, 2015 were audited by other auditors whose report thereon dated December 21, 2015 expressed unmodified opinions on the respective financial statements of the business-type activities of the University and its discretely presented component unit. The report of the other auditors dated February 9, 2016 stated that the supplementary information in schedules 4 through 12 and 16 for the year ended June 30, 2015 was subjected to the auditing procedures applied in the audit of the June 30, 2015 basic financial statements and certain additional auditing procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

The accompanying supplementary information in the Analysis of Operations Section and Schedules 13 and 14 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, University management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

March 8, 2017, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is December 8, 2016.

INDEPENDENT AUDITORS' 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
Governors State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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 Governors State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Governors State University's basic financial statements, and have issued our report thereon dated December 8, 2016. Our report includes a reference to another auditor who audited the financial statements of the Governors State University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Governors State University's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Governors State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governors State University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governors State 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 were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2016-001 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 2016-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Governors State 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 determination of financial statement amounts. 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*.

Governors State University's Response to Findings

Governors State University's responses to the findings identified in our audit are described in the accompanying schedule of findings. Governors State University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Governors State 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 Governors State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

December 8, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Governors State University

Report on Compliance for Each Major Federal Program

We have audited the Governors State University's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The schedule of expenditures of federal awards and our audit described below does not include expenditures of federal awards for the entity determined to be a component unit of the University for financial statement purposes.

We did not audit the University's compliance with the requirements governing the student loan repayments and enrollment reporting special tests and provisions compliance requirements in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program, Nurse Faculty Loan Program, and Federal Direct Student Loans as described in the Compliance Supplement. Those requirements govern functions performed by University Accounting Service, LLC (UAS) and National Student Clearinghouse (NSC). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. UAS and NSC's compliance with the requirements governing the functions that it performed for the University for the year ended June 30, 2016 was examined by the accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants for the servicer examination of UAS and NSC's compliance with such requirements.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-003 through 2016-009. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major

federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Requirements governing the student repayments and enrollment reporting special tests and provisions compliance requirements in the Student Financial Assistance Cluster: Federal Perkins Loan Program, Nurse Faculty Loan Program, and Federal Direct Student Loans as described in the Compliance Supplement are performed by UAS and NSC. Internal control over compliance related to such functions for the year ended June 30, 2016 was reported on by accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants for the servicer testing of UAS and NSC's internal control over compliance related to such functions.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-003 through 2016-009 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 8, 2016, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 8, 2016. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIGNED ORIGINAL ON FILE

March 8, 2017

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? X Yes No

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
<u>Student Financial Assistance Cluster:</u>	
Federal Direct Student Loans	84.268
Federal Pell Grant Program	84.063
Federal Perkins Loan Program - Federal Capital Contributions	84.038
Federal Work-Study Program	84.033
Federal Supplemental Educational Opportunity Grants	84.007
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379
Nurse Faculty Loan Program (NFLP)	93.264
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
<u>Head Start</u>	93.600

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

SUMMARY OF AUDITORS' RESULTS (Continued)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2016-001 FINDING: INADEQUATE CONTROLS OVER IDENTIFYING AND RECORDING ACCRUED LIABILITIES

Governors State University (University) has not established adequate internal controls over identifying and recording accrued liabilities for financial reporting purposes.

During our audit, we inquired whether the University had any employees who worked a ten month year but chose to be paid over twelve months. That inquiry resulted in the discovery that the University has numerous employees with such a work arrangement. University management determined the appropriate expense and the related liability for those employees who had completed their contracted services as of June 30, 2015, but had not received final payment for these services until fiscal year 2016. Consequently, University management recorded a prior period adjustment to correct this error. The adjustment reduced unrestricted net position as of June 30, 2015 by \$2,165,543 for the unrecorded liability as of that date.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 35 Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities, requires the use of accrual basis of accounting for business-type entities. Under the accrual basis, expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal financial and administrative controls which shall provide assurance that revenues, expenditures, and transfers of assets, resources of funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

University officials stated that this accrual had not historically been made and therefore was overlooked in the prior year.

Failure to maintain accounting records and present financial reports in accordance with accounting principles generally accepted in the United States of America distorts the net position of the University and the State. (Finding Code No. 2016-001)

RECOMMENDATION

We recommend that the University review and improve its procedures to ensure that all properly accruable items are identified and recorded in the University's accounting records to facilitate accurate financial reporting.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

**2016-001 FINDING: INADEQUATE CONTROLS OVER IDENTIFYING AND
RECORDING ACCRUED LIABILITIES (Continued)**

UNIVERSITY RESPONSE

The University has recorded the accrual for the current fiscal year and will be diligent to review accounting records in order to identify unrecorded liabilities in the future.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

**2016-002 FINDING: INADEQUATE CONTROLS OVER STUDENT ACCOUNTS
RECEIVABLE**

Governors State University's (University) procedures for the substantiation and collection of student accounts receivable were inadequate.

For the 2016 financial audit, the auditors requested the University send a statement of account (statement) to all students who had a balance due to the University. Printed on these statements was a negative confirmation notice requesting students who felt that their balances were incorrect to contact the University's Student Accounts Office. If balance discrepancies could not be resolved with the Student Accounts Office, the students were requested to contact the auditors. The University stated that they received hundreds of calls from students. The auditors also received approximately 45 calls from students stating that their balances were incorrect. We further noted that all of the calls received by the auditors were from students whose account charges occurred before the summer 2011 academic term (prior to a computer system conversion).

When questioned about the University's collection activity on these older accounts, the University stated that they had not sent any statements to these students or actively pursued collection in recent years, but intended to look into them in the future when time permitted. Due to the age of these accounts and the computer system conversion, the University's ability to substantiate these receivables was time consuming and questionable. The University decided to summarily write-off these older balances. A total of 4,386 account balances were written off totaling \$3,316,471. (The University had recorded allowances for doubtful accounts for 91.4% of this amount in prior years.) The University is still collecting data in order to formally obtain approval from the Attorney General to write off the approximately 750 accounts that exceeded \$1,000.

The Illinois State Collection Act of 1986 (30 ILCS 210/3) states that it is "the public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means." It further states that "each State agency shall have the principal responsibility for the timely collection of accounts or claims owed to the State agency." The Uncollected State Claims Act (30 ILCS 205/2) requires the University to submit prescribed information related to the debt and the University's collection efforts, and request the Attorney General to certify the uncollectability of accounts receivable of \$1,000 or more. The State Records Act (5 ILCS 160/8) requires the University to preserve records containing adequate and proper documentation of the essential transactions of the University in order to protect the legal and financial rights of the State and of persons directly affected by the University's activities.

University officials stated that the condition is a result of prior practices which did not adequately and consistently apply collection efforts on past due accounts. The change to a new computer processing platform in 2011 also made it difficult to review previous balances.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2016-002 FINDING: INADEQUATE CONTROLS OVER STUDENT ACCOUNTS RECEIVABLE (Continued)

Failure of the University to preserve records and actively pursue the collection of accounts receivable may result in:

- students not being aware of amounts due to the University;
- disputes regarding amounts owed;
- the inability of either party to substantiate their position because credible records are no longer available; and
- the loss of State revenue. (Finding Code No. 2016-002)

RECOMMENDATION

We recommend the University improve its procedures in order to collect its student accounts receivable in a timely manner.

UNIVERSITY RESPONSE

The University agrees and accepts this finding. Current collection practices are in place to perform a series of collection efforts on an established time-line. This includes internal efforts, placing accounts with an outside collection agency and turning accounts over to the State of Illinois off-set system.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-003 FINDING: ERRORS IN THE VERIFICATION AND UPDATING OF
STUDENT AID APPLICATIONS**

Federal Department:	U.S. Department of Education U.S. Department of Health and Human Services
CFDA Numbers:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.925, 93.264
Program Name:	Student Financial Assistance Cluster
Questioned Cost:	Undetermined
Program Expenditures:	\$55,980,161

Governors State University’s (University) student verification procedures did not function as designed.

We tested a sample of 60 students receiving student financial assistance and noted that 12 of those students were selected by the U.S. Department of Education (ED) for verification. An additional 13 students (selected for verification by ED) were added to the testing sample, increasing the verification testing population to 25 students. For 4 of the 25 student verifications tested, the University did not accurately update verification data with the Central Processor. The sample was not intended to be, and was not, a statistically valid sample. We noted:

- For one student, the verification documents submitted by the student evidenced *total income tax paid* of \$5,956. The information sent to the Central Processor by the University reported *total income tax paid* of \$6,829, a difference of \$873. This error resulted in the student receiving \$50 of Pell during the Fall 2015 semester and \$25 of Pell in the Spring 2016 semester for which the student was not eligible. The University subsequently adjusted the student’s account to correct the over award.
- For one student, the verification documents submitted by the student evidenced *total untaxed pension* of \$3,421. The information sent to the Central Processor by the University showed *total untaxed pension* of \$0, a difference of \$3,421. This error resulted in the student receiving \$150 of Pell during the Fall 2015 semester and \$37 of Pell in the Spring 2016 semester, for which the student was not eligible. The University subsequently adjusted the student’s account to correct the over award.
- For two students, the submitted dependent verification forms (signed and certified by the student and the parent), reported “family information” which did not match the information submitted by the University to the Central Processor. Specifically, the students’ “family information” listed 2 family members enrolled in college at least half time during the award year that were being supported at least 50% by the parent. The University submitted corrections to the Central Processor for these 2 students to only report 1 member enrolled in college at least half time during the award year. There was no other information in the student file supporting the change to the number enrolled in college during the award year. The University removed the second family member from

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-003 FINDING: ERRORS IN THE VERIFICATION AND UPDATING OF STUDENT AID APPLICATIONS (Continued)

being reported as enrolled in college because the sibling was age 25 or older. This change resulted in both students not receiving the full Pell award for which they were eligible. One student would have been eligible for a Pell award of \$4,925 as opposed to the \$2,263 actually received. The other student would have been eligible for a \$1,525 Pell award as opposed to the \$0 actually received.

The Code of Federal Regulations (Code) (34 CFR 668.59(a)(2)) states that for the subsidized student financial assistance programs, if an applicant's FAFSA information changes as a result of verification, the applicant or the institution must submit to the Secretary any changes to a nondollar item or a single dollar item of \$25 or more.

The ED Application and Verification Guide (2015-2016 version, Chapter 4) states that the number in college can be documented with a statement signed by the student (and one parent, if student is a dependent) that gives the name and age of each person in the household who are enrolled at least half-time in a degree or certificate program at an eligible college. The Code (34 CFR 668.57(c)) further requires that if the University has reason to believe that the signed statement referred to above is inaccurate, the University must obtain statements from each institution named by the applicant on the verification form.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that student verifications are properly performed.

University officials stated that the errors were caused by clerical miscalculations during a high volume processing period as well as administrative oversight.

Failure to accurately verify student eligibility data increases the risk that students may be over or under awarded financial aid and may result in a loss of future Federal funding. (Finding Code No. 2016-003, 2015-001, 2014-001, 2013-006)

RECOMMENDATION

We recommend the University improve its procedures to ensure students that have been selected for verification are accurately verified in accordance with ED regulations.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has changed its process in regard to the verification of files to minimize the possibility of errors.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-004 FINDING: FINANCIAL AID AWARDED TO INELIGIBLE STUDENTS

Federal Department:	U.S. Department of Education
CFDA Number:	84.007
Program Name:	Student Financial Assistance Cluster (Federal Supplemental Educational Opportunity Grants)
Award Number	P007A151156
Questioned Cost:	\$3,500 Known (Projected: Undetermined)
Award Expenditures:	\$178,337

Governors State University (University) made Federal Supplemental Educational Opportunity Grant (FSEOG) awards to students who were no longer eligible for such awards.

During our Return of Title IV Funds testing of a sample of 40 students, we noted that 10 (25%) of the students were awarded and disbursed FSEOG awards after the student had withdrawn from the University. These 10 students became ineligible for new awards on the date of their withdrawal. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 668.164(g)(1)(ii)) states that an otherwise eligible student becomes ineligible to receive Title IV, HEA program funds on the date that the student is no longer enrolled at the institution for the award year (for an award under the FSEOG program).

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that FSEOG is only awarded to those students who are eligible.

University officials stated that after the University's initial aid disbursement, it was determined that additional FSEOG funds were available for disbursement. In error, the additional FSEOG funds were awarded to some students who had originally qualified, but had subsequently totally withdrawn from the University.

Awarding aid to ineligible students resulted in noncompliance with Student Financial Assistance Cluster eligibility requirements and Federal Regulations, and may result in a loss of future Federal funding. (Finding Code No. 2016-004)

RECOMMENDATION

We recommend the University improve its controls to ensure that each student meets the eligibility requirements prior to awarding aid.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-004 FINDING: FINANCIAL AID AWARDED TO INELIGIBLE STUDENTS
(Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. This was a unique occurrence and procedures have been updated to ensure it does not reoccur.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-005 FINDING: FEDERAL PERKINS LOAN CONVERSION TO REPAYMENT

Federal Department:	U.S. Department of Education
CFDA Number:	84.038
Program Name:	Student Financial Assistance Cluster (Federal Perkins Loan Program)
Questioned Cost:	None
Award Expenditures:	\$3,530,765

Governors State University (University) failed to accurately report separation dates for Federal Perkins Loan borrowers.

We tested 25 Federal Perkins Loan recipients who had ceased half-time attendance at the University and were due to start repaying loans during the fiscal year. The University reported inaccurate separation dates for 9 (36%) borrowers. Due to these errors, 7 students entered the repayment period 5 months late and 2 students entered the repayment period 6 months late. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 674.31(b)(2)) states “The repayment period ... for Federal Perkins Loans, begins 9 months after the borrower ceases to be at least a half-time regular student at an institution of higher education or a comparable institution outside the U.S. approved for this purpose by the Secretary, and normally ends 10 years later.”

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that the University converts Federal Perkins Loan borrowers who cease to be at least a half-time regular student to repayment in a timely manner.

University officials stated the condition was due to clerical error.

Failure to accurately report separation dates for Federal Perkins Loan borrowers delays the collection of Federal Perkins Loans from borrowers, could compromise the collectability of the loans, and could result in the loss of future Federal funding. (Finding Code No. 2016-005)

RECOMMENDATION

We recommend the University improve its procedures for accurately reporting separation dates for Perkins Loan borrowers who have ceased half-time attendance at the University.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-005 FINDING: FEDERAL PERKINS LOAN CONVERSION TO
REPAYMENT (Continued)**

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation and will develop additional procedures in order to ensure accuracy in the future.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-006 FINDING: FEDERAL PERKINS LOAN COHORT DEFAULT RATE
TOO HIGH**

Federal Department:	U.S. Department of Education
CFDA Numbers:	84.038
Program Name:	Student Financial Assistance Cluster (Federal Perkins Loan Program)
Questioned Cost:	None
Award Expenditures:	\$3,530,765

Governors State University’s (University) Federal Perkins loan cohort default rate is in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

The Federal Perkins Loan cohort default rate as of June 30, 2015 (the default rate data trails the fiscal year by approximately ten months) was 21.19%, which exceeded the 15% threshold, and was obtained from the U.S. Department of Education’s website.

The Code of Federal Regulations (34 CFR 668.16) states “To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution – ... (m)(1) Has a cohort default rate - (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent.”

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

University officials stated the high default rate is a result of students incurring more debt than they are able to afford and limited staffing to focus on collecting aged accounts.

Failure to maintain a cohort default rate below 15% could jeopardize the University’s future Federal funding. (Finding Code No. 2016-006)

RECOMMENDATION

We recommend the University ensures its cohort default rate is not in excess of the threshold for administrative capabilities stipulated by the U.S. Department of Education.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-006 FINDING: FEDERAL PERKINS LOAN COHORT DEFAULT RATE
TOO HIGH (Continued)**

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The FY16 default rate is only slightly above the threshold (15.43%). The University continues to increase collection efforts internally and through an external collection agency.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-007 FINDING: FAILURE TO MEET EARMARKING REQUIREMENTS FOR HEAD START PROGRAM

Federal Department: Department of Health and Human Services
CFDA Numbers: 93.600
Program Name: Head Start
Award Numbers: 05CH8457/01 & 05CH8457-02-00
Questioned Cost: None
Program Expenditures: \$927,026

Governors State University (University) did not meet the funded enrollment requirement for its Head Start Program.

The University is a recipient of a grant from the Administration for Children and Families of the U.S. Department of Health and Human Services (DHHS). In accordance with the grant agreement between the University and DHHS, the University has a funded enrollment requirement of 72 individuals. In our detailed testing of the monthly enrollment report for fiscal year 2016, we noted the University did not meet the funded enrollment requirement for 4 months (1 to 3 individuals under enrolled).

The Head Start Act (Act) (42 USC 9837(g)) requires each Head Start agency shall enroll 100% of its funded enrollment and maintain an active waiting list at all times with ongoing outreach to the community and activities to identify underserved populations. The Act (42 USC 9836a(h)(2)(A)) further requires that each entity carrying out a Head Start program shall report on a monthly basis to the Secretary (DHHS) and the relevant Head Start agency the actual enrollment in such program. As defined by the Act (42 USC 9836a(h)(1)(A)), actual enrollment means, with respect to the program of a Head Start agency, the actual number of children enrolled in such program and reported by the agency in a given month.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that earmarking requirements are met.

University officials stated the condition noted above was due to changes in the State Child Care Assistance Program in which the eligibility was cut by 90% for July and August 2015. This change was unforeseen and unannounced and resulted in the loss of several students for July and August of 2015. Staffing shortages in the recruitment area contributed to under enrollment in June 2016. The unanticipated loss of enrolled families that moved out of the service area were responsible for under enrollment in March 2016. The nature of this service makes it difficult to match exact enrollment guidelines on a consistent basis.

Failure to meet the funded enrollment of its Head Start program resulted in noncompliance with the federal program earmarking requirement. Additionally, the awarding agency may recapture,

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-007 FINDING: FAILURE TO MEET EARMARKING REQUIREMENTS FOR HEAD START PROGRAM (Continued)

withhold, or reduce the base grant for the program. (Finding Code No. 2016-007, 2015-002, 2014-003)

RECOMMENDATION

We recommend the University improve its recruitment procedures to ensure compliance with the funded enrollment requirement of its Head Start program.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has increased recruitment through staffing and marketing as an effort to maintain enrollment requirements.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-008 FINDING: EXIT COUNSELING

Federal Department:	U.S. Department of Education
CFDA Number:	84.268
Program Name:	Student Financial Assistance Cluster (Federal Direct Student Loans)
Questioned Cost:	None
Award Expenditures:	\$42,691,588

Governors State University (University) did not timely conduct exit counseling for Federal Direct Student Loan recipients who ceased half-time study at the University.

We tested a sample of 60 students who received Federal student financial aid. Included in those 60 students were 10 Federal Direct Student Loan recipients who ceased half-time study at the University during FY16. The University primarily conducts exit counseling by e-mailing students who ceased half-time enrollment notification of the instructions and need to complete exit counseling on-line. The University was unable to provide us with documentation to substantiate the notification of the required exit counseling for 3 (30%) of the students and the notification was provided late for 6 (60%) of these students. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 685.304) states (1) “A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school... (7) The school must maintain documentation substantiating the school’s compliance with this section for each student borrower.”

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that the University conducts exit counseling for students that have received Federal Direct Student Loans and have ceased half-time study at the school.

University officials stated the custom list generated to identify students who needed exit counseling failed to include students who fell below half-time enrollment.

Failure to conduct timely exit counseling could result in the loss of Federal funding. (Finding Code No. 2016-008)

RECOMMENDATION

We recommend the University conduct and document timely exit counseling in accordance with Federal regulations.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2016-008 **FINDING: EXIT COUNSELING (Continued)**

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The report has been updated to include students who fell below half-time enrollment.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-009 FINDING: NONCOMPLIANCE WITH FEDERAL REPORTING
REQUIREMENTS FOR POST-9/11 VETERANS EDUCATIONAL ASSISTANCE
GRANT**

Federal Department:	U.S. Department of Veterans Affairs
CFDA Numbers:	64.028
Program Name:	Post-9/11 Veterans Educational Assistance Program
Questioned Cost:	None
Program Expenditures:	\$628,629

Governors State University's (University) is a recipient of a grant from the Veterans Benefits Administration of the U.S. Department of Veterans Affairs (VA). The University did not comply with the federal reporting requirements of the grant.

In our testing of 25 students awarded a Post-9/11 Veterans Education Assistance grant during the year, 9 students had enrollment status changes. Six (67%) of those changes were not reported to the VA within 30 days from the date the change occurred (4-324 days late). The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (38 CFR 21.4203(d)(1)) requires when any change in status or change in number of hours of credit of attendance occurs, the school will initiate a report of the change in time for the VA to receive it within 30 days of the date on which the change occurs.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure compliance with the reporting requirements of its federal grant programs.

University officials stated the conditions noted were due to administrative oversight.

Reporting of enrollment changes is critical for the effective administration of the federal grant program as a student's enrollment status determines the amount of award that a student is eligible to receive. Additionally, this could result in withholding the funding for other eligible projects or activities involving the University. (Finding Code No. 2016-009, 2015-004)

RECOMMENDATION

We recommend the University improve its procedures to ensure compliance with the reporting requirements of its Post-9/11 Veterans Education Assistance federal grant program.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2016-009 FINDING: NONCOMPLIANCE WITH FEDERAL REPORTING
REQUIREMENTS FOR POST-9/11 VETERANS EDUCATIONAL ASSISTANCE
GRANT (Continued)**

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is working to hire and train additional staff to reduce the probability of this occurring in the future.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-010 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

Governors State University's (University) did not fully comply with the requirements applicable to its property and equipment.

We examined the University's property inventory certification as of June 30, 2016 that was submitted to the Department of Central Management Services (DCMS) and noted that the University reported 476 items (\$618,999) of equipment that could not be located by the University. These assets were acquired by the University in various fiscal years up to and including fiscal year 2016. Included in the equipment that was reported as "unlocated" were numerous computers, servers, CPU's and other storage devices. The University did not immediately perform a complete assessment of the missing computers, CPU's and storage devices to determine if notifications were required as outlined in the Personal Information Protection Act (815 ILCS 530/25). Subsequent to the inventory certification, the University located 120 of these items totaling \$168,863.

We also noted the University owns 86 cellular phones that are assigned to and used by University employees. The phones were not assigned a tag number by the University and were not recorded on the University's property control records or reported in the University's property inventory certification to DCMS. These cellular devices would be considered items subject to theft and should have been reported to DCMS.

During our review of employees who left the University, it was noted that one employee had six items personally assigned (2 cellular phones (with an original cost of \$1,050), USB modem (received free with 2 year contract), air cards that were installed on a laptop and I-pad mini (original cost of laptop and I-pad mini with air cards, \$1,943) and a hotspot (received free with 2 year contract)). The employee's last date on the payroll was June 30, 2016. None of these items were returned to the University.

We tested 10 equipment disposals made during the year and noted the following:

- One (10%) item (snowplow), with an original cost of \$5,235, was destroyed on September 11, 2015 and removed from the University's property control listing but was still included on the June 30, 2016 property listing that was submitted to DCMS.

We tested 10 equipment additions made during the year and noted the following:

- Two (20%) items (digital camera and locker, valued at \$3,527), were added to the University's property control listing but were not added to the June 30, 2016 property listing that was submitted to DCMS.
- Two (20%) items (truck and treadmill) did not include the delivery and installation costs (totaling \$385) in the purchase price of the equipment.

Our physical inventory testing of 60 items on the property control records (that were included on the property listing submitted to DCMS) identified three items (5%) with a total value of \$7,744

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CURRENT FINDINGS – STATE COMPLIANCE

2016-010 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT (Continued)

that could not be found. These items consisted of a desktop computer, a laptop computer and a LCD monitor. After further investigation, it was determined that the desktop computer was transferred to DCMS as surplus inventory on June 27, 2016; however, it was not taken off of the property control listing or the property listing submitted to DCMS. The other 2 items were on the missing property list noted in paragraph 2.

The State Property Control Act (30 ILC 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.220) states that all items of equipment with an acquisition value of \$500 or more and equipment that is subject to theft with a value of less than \$500 are required to be reported to CMS. The Code further states (44 Ill. Admin. Code 5010.400) that property records must be updated within 30 days of acquisition, change, or deletion of equipment items. The Code also states (44 Ill. Admin. Code 5010.240) that the purchase price is the price of the equipment delivered, including delivery and installation costs.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls, that provide assurance that property is safeguarded against waste, loss, unauthorized use, and misappropriation.

University officials stated that due to the budget constraints, two staff positions that had property control responsibilities have been vacant for most of the year and the property control responsibilities are being maintained as additional duties of existing staff causing some oversight in record-keeping. The nature of the separation of the employee who has not returned property is such that the University was not able to complete the normal termination process which requires that all property be returned.

Inadequate controls over University property and equipment results in inaccurate and incomplete property control records. It could also result in incorrect accounting information and could cause unnecessary equipment expenditures and incorrect financial reporting. Loss of University property and equipment may not be detected timely or may remain undetected without an accurate property inventory listing and strict compliance with University property procedures. The significant volume of unlocated property demonstrates a lack of accountability. Failure to submit a complete and accurate inventory of equipment results in noncompliance with DCMS Property Control Rules. Also, failure to report equipment that is potentially subject to theft is a violation of the regulations. Failure to perform complete assessments of missing computers may result in the University being unaware of a breach of system data. (Finding Code No. 2016-010)

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GOVERNORS STATE UNIVERSITY
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CURRENT FINDINGS – STATE COMPLIANCE

2016-010 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT (Continued)

RECOMMENDATION

We recommend the University strengthen its internal controls over the accountability of University equipment. We also recommend the University adhere to the requirements regarding property and equipment to ensure that property and equipment records are properly maintained and that a complete and accurate inventory is submitted to DCMS. Further, we recommend the University perform timely assessments regarding missing computer equipment for notification requirements under the Personal Information Protection Act. Finally, we recommend the University obtain missing equipment or reimbursement from separated employees.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will continue to improve its property control process and reporting procedures.

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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-011 FINDING: NONCOMPLIANCE WITH REVENUE BOND AND
CERTIFICATES OF PARTICIPATION CONTINUING DISCLOSURES**

Governors State University (University) did not comply with the continuing disclosures requirements of their revenue bonds and certificates of participation.

Our review of the continuing disclosures for the series 2007 and 2012 revenue bonds and the series 2008 and 2009 certificates of participation that were submitted and posted to the Electronic Municipal Market Access (EMMA) website revealed that the University only submitted “draft” financial statements for the fiscal year 2015. The “draft” financial statements were posted to the website on January 20, 2016. The University had not updated the draft financial statement submission with the audited financial statements. Upon bringing this to the attention of the University, the University submitted its audited financial statements which were posted to EMMA on May 24, 2016 (89 days late, for the series 2012 revenue bonds and untimely for the series 2007 revenue bonds and series 2008 and 2009 certificates of participation). The audited financial statements were made available to the University on January 26, 2016.

The official statement for the series 2007 revenue bonds requires the University to disseminate audited financial statements for bondholders to review within 240 days following the close of the University’s fiscal year (February 25). The official statement for the series 2012 revenue bonds requires such submission within 210 days following the close of the University’s fiscal year (January 26), and allows the University to submit “draft” financial statements if the audited financial statements are not available at that time. It further requires the audited financial statements be submitted within 30 days after availability to the University. The series 2008 and 2009 certificates of participation require such submissions within 240 days following the close of the University’s fiscal year (February 25), and allows the University to submit “draft” financial statements if the audited financial statements are not available at that time. It further requires the audited financial statements be submitted when available.

Our review of the University’s reportable events disclosures revealed a Standard & Poor’s Global Ratings downgrade that occurred on May 31, 2016 that was not submitted as a reportable event until July 19, 2016 (35 business days late for the series 2012 revenue bonds and untimely for the series 2007 revenue bonds and series 2008 and 2009 certificates of participation).

The official statements for the series 2007 revenue bonds and the series 2008 and 2009 certificates of participation require ratings changes to be reported within a timely manner after occurrence of such events. The official statement for the series 2012 revenue bonds requires the event to be disclosed within 10 business days after the occurrence of the event.

University officials stated the above noncompliance was due to oversight by the financial advisor contracted by the University to submit the required documents.

Failure to comply with the continuing disclosure requirements and reportable events disclosures of the revenue bonds and certificates of participation may cause bond and certificate holders to

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CURRENT FINDINGS – STATE COMPLIANCE

**2016-011 FINDING: NONCOMPLIANCE WITH REVENUE BOND AND
CERTIFICATES OF PARTICIPATION CONTINUING DISCLOSURES (Continued)**

have inaccurate information for their review. (Finding Code No. 2016-011)

RECOMMENDATION

We recommend the University improve its procedures to comply with the continuing disclosure and reportable event disclosure requirements of its revenue bonds and the certificates of participation.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Additional procedures were implemented and agreed with the financial advisor to prevent these issues to reoccur.

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GOVERNORS STATE UNIVERSITY
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CURRENT FINDINGS – STATE COMPLIANCE

2016-012 FINDING: CHILD ABUSE REPORTER TRAINING

Governors State University (University) did not comply with the Abused and Neglected Child Reporting Act (Act) requiring training of those personnel required to report child abuse.

Our testing of 35 employees identified 22 (63%) employees did not receive the required reporter training within one year of initial employment (or within one year of the effective date of the Act if hired before the effective date of the Act).

The Act (325 ILCS 5/4) requires personnel of institutions of higher education having reasonable cause to believe a child known to them in their professional or official capacity may be an abused or neglected child to immediately report or cause a report to be made to the Department of Children and Family Services. The Act further requires University personnel to undergo reporter training within one year of initial employment and at least every 5 years thereafter. This training must be completed by a provider or agency with expertise in recognizing and reporting child abuse. The training requirement became effective on July 1, 2014 with Public Act 098-0408.

University officials stated the noncompliance primarily related to employees who were hired before Public Act 098-0408 was enacted.

Failure to provide child abuse reporter training is a violation of the Act and could potentially leave children at risk of abuse. (Finding Code No. 2016-012)

RECOMMENDATION

We recommend the University comply with the requirements of the Act and ensure that all employees receive the proper training within the required timeframe.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has updated its practices to comply with the mandate and the employees that did not receive the initial training will receive the training as soon as possible.

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GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-013 FINDING: NONCOMPLIANCE WITH THE CAMPUS SECURITY
ENHANCEMENT ACT OF 2008**

Governors State University (University) did not comply with the Campus Security Enhancement Act of 2008 (Act).

Our testing of the University’s compliance with the Act identified the following noncompliance:

- The University did not develop a Campus Violence Protection Plan (Plan) or have annual training or exercises for the plan.
- The University did not obtain criminal background investigations prior to employing individuals for security-sensitive positions. We obtained a listing of positions that the University identified as security-sensitive positions and selected 25 employees from such positions for testing. Our testing identified fifteen employees (60%) were hired for security sensitive positions without any evidence the criminal background investigations were ever obtained. We also noted three additional employees (12%) working in security-sensitive positions were hired prior to the effective date of the Act that had no evidence that criminal background investigations were ever obtained.

The Act (110 ILCS 12/20) requires the University to develop an inter-disciplinary and multi-jurisdictional Plan, including coordination of and communication among all available campus and local mental health and first response resources as well as communication with governmental agencies and school districts contiguous to the University’s boundaries, in partnership with the University’s county or major municipal emergency management official, report this Plan to the official, and have training and exercises for the Plan annually at a minimum. The Plan shall include the development and implementation of a campus violence prevention committee and campus threat assessment team.

The Act (110 ILCS 12/5) also states “Each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.”

University officials stated that the Plan was overlooked due to other similar documents referencing the topic and the employees selected for testing were hired before current employment practices were in place.

Failure to have the appropriate inter-disciplinary and multi-jurisdictional Plan may put employees, students, and visitors at risk in the event some type of violent activity occurs on campus. Failure to obtain the required criminal background investigations prior to the employment of individuals in security-sensitive positions results in noncompliance with the Act and may result in the University allowing access to security-sensitive information to individuals who should not be entrusted with such access. (Finding Code No. 2016-013)

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GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-013 FINDING: NONCOMPLIANCE WITH THE CAMPUS SECURITY
ENHANCEMENT ACT OF 2008 (Continued)**

RECOMMENDATION

We recommend the University comply with the requirements of the Act by:

- developing a Campus Violence Protection Plan, and have annual training or exercises for the plan;
- obtaining criminal background investigations prior to hiring employees for security-sensitive positions; and
- obtaining criminal background investigations for all employees in security-sensitive positions for which a prior background investigation was not obtained.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is in the process of drafting a Campus Violence Protection Plan in order to comply with the Act. Further, under current practices, criminal background checks are required for all University employees.

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GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-014 FINDING: NONCOMPLIANCE WITH THE ILLINOIS STATE
COLLECTION ACT OF 1986**

Governors State University (University) did not comply with the requirements of the Illinois State Collection Act of 1986 (Act).

As of December 31, 2015, the University's accounts receivable aging report had 2,464 accounts totaling \$6,812,026 with receivable balances greater than \$1,000 and were in excess of 90 days past due. We tested a sample of 30 such accounts (totaling \$134,793) and determined that 20 of those accounts (totaling \$90,507) had not been submitted by the University for placement with the Comptroller's Offset System.

The Act (30 ILCS 210/5(c-1)) requires the University to place in the Comptroller's Offset System debts owed to the University that exceed \$1,000 and are more than 90 days past due.

University officials stated the condition exists because the University's determination of when an account was past due did not align with the requirement. Also, a large number of very old accounts which had not previously been turned over to the Offset System were under review and the University is working with the Attorney General to write them off. A substantial allowance for doubtful accounts had been previously recorded for these accounts.

Failure to comply with the Act may result in the University not collecting all receivables that are due to the University. (Finding Code No. 2016-014)

RECOMMENDATION

We recommend the University improve its procedures to ensure all debts owed to the University are placed in the Comptroller's Offset System once they exceed \$1,000 and are 90 days past due.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Current collection practices are in place which include turning accounts over to the Comptroller's Offset System.

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GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-015 FINDING: INADEQUATE CONTROLS OVER VERIFICATION OF JOB APPLICANT’S INFORMATION

Governors State University’s (University) did not have adequate controls over verification of information included on a job applicant’s resume or application prior to hiring for a specific position.

During our testing of the University’s compliance with its policy and procedures for verification of information on a job applicant’s resume, we noted no reference check documentation was on file for all ten personnel reviewed.

University procedures on verification of job applicant’s information require the department head, dean, director or immediate supervisor to check professional references. It further states that all reference checks should be returned to Human Resources before hire.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law.

University officials stated the conditions noted above were due to the decentralization of files. University hiring practices require the hiring supervisor to follow up on references and the required documentation was not forwarded to the Human Resources Department by the hiring department. Staff reduction due to budget issues have impeded the ability of the Human Resource Department to follow up on procedures developed to collect the required documentation.

Failure to maintain the reference verification documentation resulted in noncompliance with the University’s procedures and if the verifications were not performed, could result in inappropriate hiring decisions. (Finding Code No. 2016-015, 2015-006, 2014-005)

RECOMMENDATION

We recommend the University improve its processes to ensure compliance with University policy and procedures.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will continue to work with University units toward compliance with hiring procedures to ensure that all required documentation is forwarded to the Human Resources Department as a part of the hiring process.

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GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-016 FINDING: NONCOMPLIANCE WITH THE FISCAL CONTROL AND INTERNAL AUDITING ACT

Governors State University (University) did not comply with the Fiscal Control and Internal Auditing Act (FCIAA).

The University did not perform a timely evaluation of its internal fiscal and administrative controls or submit its FCIAA certification to the Office of the Auditor General (OAG) by the May 1 due date. The University submitted its FCIAA certification to the OAG on June 24, 2016 (54 days late).

In addition, the University implemented an upgrade to their current information system which handles all of the University's major operations during fiscal year 2016. This system upgrade constitutes a major change. The Internal Auditor did not perform the required review of the system.

The FCIAA (Act) (30 ILCS 10/3003) requires the chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1st of each year. The Act (30 ILCS 10/2003) further requires reviews of the design of major new electronic data processing (EDP) systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

University officials stated the conditions occurred due to a vacancy in the University's Internal Auditor position.

Timely evaluations of internal controls are necessary to determine whether existing controls are adequate to prevent or detect potential risks. The lack of review of major modifications to systems prior to installation impairs the University's ability to monitor the effectiveness of its system of internal controls and results in noncompliance with the Act. (Finding Code No. 2016-016)

RECOMMENDATION

We recommend the University perform timely evaluations of its systems of internal fiscal and administrative controls and timely file annual certifications regarding the evaluation with the Office of the Auditor General as required by the FCIAA. We further recommend the University comply with the Act by performing reviews of new or major modifications to EDP systems prior to installation.

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GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-016 FINDING: NONCOMPLIANCE WITH THE FISCAL CONTROL AND
INTERNAL AUDITING ACT (Continued)**

UNIVERSITY RESPONSE

The University agrees with the finding and accepts the recommendation. An Internal Auditor was hired as of May 1, 2016 and the FCIAA certification was subsequently filed. The University will comply with the FCIAA requirements going forward.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-017 FINDING: TIME SHEETS NOT PROPERLY MAINTAINED

Governors State University (University) is not maintaining time sheets for its faculty members in compliance with the State Officials and Employees Ethics Act (Act).

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for means of compliance with this requirement.” The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University’s policies.

During our review of time sheets for 30 employees during the fiscal year, we noted the following:

- Seven (23%) faculty members used “negative” timekeeping whereby the employee is assumed to be working unless noted otherwise.
- One (3%) adjunct faculty members who worked on a contractual basis was not required by the University to submit time sheets.

University officials stated the University is reviewing, along with other State universities, time reporting for faculty members, as it relates to existing collectively bargained contractual obligations. The Illinois President and Chancellors Group and the individual universities will continue to discuss and explore time reporting.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code No. 2016-017, 2015-005, 2014-004, 2013-010, 12-11, 11-11, 10-11, 09-3, 08-3, 07-3, 06-4, 05-7)

RECOMMENDATION

We recommend the University amend its policies and revise its procedures to ensure all employees submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

UNIVERSITY RESPONSE

This finding is under study. The University acknowledges the requirements of the Act for employees to periodically report time spent each day on official State business to the nearest quarter hour. The University currently collects and monitors reported time spent on official business from all nonacademic, civil service, and professional and administrative staff. The University is reviewing existing time reporting requirements for faculty employees established by federal granting agencies and others to determine whether the requirements of the Act can be met

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CURRENT FINDINGS – STATE COMPLIANCE

2016-017 FINDING: TIME SHEETS NOT PROPERLY MAINTAINED (Continued)

by existing requirements rather than requiring dual reporting. In addition, the University is reviewing, along with other State universities, time reporting for faculty, as it relates to existing collectively bargained contractual obligations.

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GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-018 FINDING: TUITION AND FEE WAIVERS NONCOMPLIANCE

Governors State University (University) did not fully comply with the requirements related to tuition and fee waivers.

During our testing, we noted the following:

- The tuition and fee waiver report the University submitted to the Illinois Board of Higher Education did not include the proper justification of the need for the program, the program’s intended purposes and goals, the program’s eligibility and selection criteria, and any benefits resulting from the program.
- The University did not maintain a policy governing the cutoff of tuition and fee waivers adjustments as of August 31 following the close of a fiscal year, which provides any adjustments following August 31 are reported in the subsequent fiscal year.
- The University did not maintain a policy specifying the process for authorizing specific tuition and fee waiver programs, the purpose of such programs, establishing waiver budget and expenditure levels, and allocating waivers to waiver programs.
- The University did not maintain written procedures designed to provide assurance the total amount of budgeted and expended tuition and fee waivers are fully disclosed to the University’s Board of Trustees.
- The University did not maintain written procedures that provide the requirements for waiver agreements between the student and the University.

Governors State University Law (Law) (110 ILCS 670/15-93) requires the University to report to the Illinois Board of Higher Education by September 15 of each year the tuition and fee waivers the University has granted in the previous fiscal year as well as the justification of the need for the program, the program's intended purposes and goals, the program's eligibility and selection criteria, the program's cost, and any benefits resulting from the program for each tuition and fee waiver program in which the University participates.

The Illinois Administrative Code (Code) (23 Ill. Admin. Code 1075.400) states “In instances in which waivers are adjusted after the end of the fiscal year, universities shall establish a cutoff date of August 31 to facilitate fiscal year waiver reporting. Adjustments made after the cutoff date will be allocated to the following fiscal year. Public universities will develop appropriate written procedures to implement the cutoff date.”

The Code (23 Ill. Admin. Code 1075.600) states “Each public university shall adopt written policies that specify the institutional processes for authorizing specific tuition and fee waiver programs and the purposes of such programs, establishing waiver budget and expenditure levels, and allocating waivers to waiver programs.” It also states, “Each public university shall develop written procedures to assure that the total amount of budgeted tuition and fee waivers and the amount of expended tuition and fee waivers, by type, academic or administrative unit, and instructional level, are fully disclosed to the university board of trustees.” The Code further states,

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CURRENT FINDINGS – STATE COMPLIANCE

2016-018 FINDING: TUITION AND FEE WAIVERS NONCOMPLIANCE

(Continued)

“Each public university shall adopt written procedures that provide the requirements for waiver agreements between students and the university.”

University officials stated the reporting requirements outlined above were overlooked due to past practices that had never been questioned. In addition, there has also been a change of staffing in the responsible department over the past few years resulting in the written policies and procedures to be overlooked.

Failure to comply with appropriate tuition and fee waiver requirements is a violation of the Law and the Code. It also puts the University at risk to lose revenue due to the waiving of tuition to unauthorized individuals by not having proper procedures in place. (Finding Code No. 2016-018)

RECOMMENDATION

We recommend the University establish written policies and procedures to ensure compliance with the Law and the Code.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. For decades, the University assumed the annual submission of the previous fiscal year tuition and fees waiver data, tuition waiver procedures and eligibility chart to the Illinois Board of Higher Education (IBHE) satisfied the mandate that requires the University to submit this information by September 15 of each year. IBHE has never questioned or asked for additional information regarding this mandate. However, for future compliance the University will add the justification and benefits of the programs which have been absent from the previous IBHE submissions. For purposes of compliance with State mandates, the University will establish written tuition and fees waiver procedures that provide the requirements for waiver agreements between students and the University as well as cutoff dates. The University will change its current practice of presenting an executive summary budget to GSU’s Board of Trustees to a detail budget that discloses the tuition and fees waiver budget.

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GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

**2016-019 FINDING: NONCOMPLIANCE WITH THE HIGHER EDUCATION
VETERANS SERVICE ACT ANNUAL REPORTING**

Governors State University (University) did not comply with the annual reporting requirements of the Higher Education Veterans Service Act (Act).

The University did not submit an annual report in compliance with the Act.

The Act (110 ILCS 49/20) requires the University to report to the Illinois Board of Higher Education (IBHE) on the fiscal impact of the programs and services described in the Act annually by September 1.

University officials stated the reporting requirement was overlooked due to a change in staffing in the responsible department.

Failure to submit the annual report to the IBHE is a violation of the Act and prevents the IBHE from compiling complete information for its report to the Governor and other State leaders. (Finding Code No. 2016-019)

RECOMMENDATION

We recommend the University submit its report to the IBHE on the fiscal impact of the programs described in the Act by September 1 of each year.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation and will comply with the required reporting going forward.

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FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS – STATE COMPLIANCE

2016-020 FINDING: COMPUTER SECURITY WEAKNESSES

Governors State University (University) had not established adequate controls for its computing environment.

During the review of the University, the following weaknesses were noted:

- User access rights were not periodically reviewed.
- Access rights were not always removed in a timely manner.
- Operating system updates and patches were not up-to-date on University servers.
- Users were allowed a high number of attempts to successfully log-in before being locked out of the network.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect facilities, computer systems, and data. Effective computer security controls, such as recertification of user access rights, up-to-date patches for computer servers, and tight password controls provide safeguards for secure access to computing environments.

University officials stated that the condition above was due to oversight. However, timely updating and patching of servers are due to a lack of sufficient staff resources to test and validate server updates and patches prior to putting them into production.

Failure to periodically review employee's access rights, untimely account termination, and lax security practices may result in unauthorized access to the University data and computing environment. (Finding Code No. 2016-020)

RECOMMENDATION

We recommend the University:

- Finalize and implement procedures to periodically review user access rights to ensure they are appropriate based on job duties and prevent unauthorized access to University computing environment.
- Ensure access rights are timely removed.
- Ensure all servers are update with the latest upgrades and patches.
- Reduce the account lockout threshold to limit the number of unsuccessful log-in attempts.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will finalize and implement procedures to periodically review user access rights and to ensure timely communication of employee separation so that access rights are also timely removed. Further, the University will conduct research into and will adopt industry best practices for account lockout threshold.

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GOVERNORS STATE UNIVERSITY
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PRIOR FINDINGS NOT REPEATED

A. FINDING: REQUIRED ANNUAL SUBMISSION TO THE U.S. DEPARTMENT OF EDUCATION NOT MADE TIMELY

During the prior audit period, Governors State University (University) did not submit its June 30, 2014 audited financial statements and compliance audits to the U.S. Department of Education within the required timeframe.

During the current audit period, the University submitted its June 30, 2015 audited financial statements and compliance audits to the U.S. Department of Education within the required timeframe. (Finding Code No. 2015-003)

B. FINDING: WEAKNESS WITH PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS

During the prior audit period, it was noted the University had not completed all of the requirements to demonstrate compliance with the Payment Card Industry Data Security Standards.

During the current audit period, the University had made significant progress in demonstrating compliance with the Payment Card Industry Data Security Standards. (Finding Code No. 2015-007, 2014-006)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Summary

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in State Property
 - Analysis of Significant Variations in Expenses
 - Analysis of Significant Variations in Revenues
 - Analysis of Significant Account Balances
 - Analysis of Receivables
 - Schedule of Federal Expenditures, Nonfederal Expenses and New Loans
 - Summary of Indirect Cost Reimbursement Funds
 - Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Schedule of Excess Funds Calculation by Entity as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Balance Sheets - Auxiliary Enterprises and Activities Entities
 - Schedules of Revenues, Expenditures and Changes in Fund Balances - Auxiliary Enterprises and Activities Entities
- Analysis of Operations (Unaudited):
 - University Functions and Planning Program (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Fiscal Year 2016 Invoices (Unaudited)
 - Average Number of Employees (Unaudited)
 - Student Statistics (Unaudited)
 - Selected Service Efforts and Accomplishments (Unaudited)
 - Emergency Purchases (Unaudited)
 - University Bookstore Information (Unaudited)
 - Schedule of Degrees Awarded (Unaudited)
 - Special Data Requirements for Audits of Universities (Unaudited):
 - University Reporting in Accordance with University Guidelines (Unaudited)
 - Summary of Foundation Cash Support to the University (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
(Continued)**

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that the supplementary information presented in Schedules 1 through 12, 15 and 16 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section and Schedules 13 and 14, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on them.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2016 Expenditures
MAJOR PROGRAMS				
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Federal Direct Student Loans	84.268		\$ -	\$ 42,691,588
Federal Pell Grant Program	84.063		-	7,642,345
Federal Perkins Loan Program - Federal Capital Contributions	84.038		-	3,530,765
Federal Work-Study Program	84.033		-	348,730
Federal Supplemental Educational Opportunity Grants	84.007		-	178,337
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		-	18,493
TOTAL U.S. DEPARTMENT OF EDUCATION			-	54,410,258
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Scholarships for Health Professions Students from Disadvantaged Backgrounds <i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/CSW</i>	93.925		-	648,288
Nurse Faculty Loan Program (NFLP) <i>Nurse Faculty Loan Program</i>	93.264		-	921,615
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	1,569,903
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			-	55,980,161
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start <i>Early Head Start</i>	93.600		-	927,026
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	927,026
TOTAL MAJOR PROGRAMS			-	56,907,187
OTHER PROGRAMS				
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Cancer Centers Support Grants <i>The GUIDE Cancer Research Training Project</i>	93.397		-	93,748
Research on Healthcare Costs, Quality and Outcomes <i>The Impact of Public Hospitals' Privatization on Nursing Staff</i>	93.226		24,360	48,715
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			24,360	142,463

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2016 Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Higher Education-Institutional Aid <i>Integrating Pathways: Student Success Through Junior Year Transition</i>	84.031A		-	105,844
Centers for International Business Education Passed through Indiana University <i>Center for International Business Education Research (CIBER)</i>	84.220	BL-4236301-GSU	-	18,713
TOTAL U.S. DEPARTMENT OF EDUCATION			-	124,557
<u>NATIONAL SCIENCE FOUNDATION</u>				
Education and Human Resources Passed through Chicago State University <i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	53953	-	8,237
Biological Sciences Passed through Notre Dame University <i>Coastal SEES Collaborative Research</i>	47.074	202432	-	44,741
TOTAL NATIONAL SCIENCE FOUNDATION			-	52,978
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			24,360	319,998
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Child Care and Development Block Grant Passed through the Illinois Department of Human Services <i>Child Care and Development Block Grant (CCDBG)</i>	93.575	80408490W	-	11,714
Block Grants for Prevention and Treatment of Substance Abuse Passed through the Illinois Department of Human Services <i>Block Grants for Prevention and Treatment of Substance Abuse</i>	93.959	260134400	-	181,919
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	193,633
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
Post-9/11 Veterans Educational Assistance <i>VA Chapter 33 Award</i>	64.028		-	628,629
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			-	628,629
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Teacher Quality Partnership Grant Program, Recovery Act <i>ARRA / Chicago Southland Region Teacher Quality Partnership</i>	84.405A		-	258,030
TOTAL U.S. DEPARTMENT OF EDUCATION			-	258,030
<u>LIBRARY OF CONGRESS</u>				
Teaching With Primary Sources <i>Teaching With Primary Sources</i>	N.A.	GA06C0076	-	185,033
TOTAL LIBRARY OF CONGRESS			-	185,033

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2016 Expenditures
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>				
Promotion of the Arts_ Grants to Organizations and Individuals <i>Challenge America-NEA-Philadanco at 45</i>	45.024		-	10,000
Promotion of the Arts_ Grants to Organizations and Individuals Passed through Arts Midwest <i>Big Read</i>	45.024	FY 15-2312	-	12,100
			-	22,100
Promotion of the Arts_Partnership Agreements (PTAM) Passed through Arts Midwest <i>Philadanco</i>	45.025	00015587	-	3,800
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			-	25,900
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program Passed through the Illinois State Board of Education <i>Child and Adult Food Care Program</i>	10.558	56099527051	-	101,108
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	101,108
<u>SMALL BUSINESS ADMINISTRATION</u>				
Small Business Development Centers Passed through the Illinois Department of Commerce & Economic Opportunity <i>Small Business Development Centers</i>	59.037	16-561122	-	48,723
TOTAL SMALL BUSINESS ADMINISTRATION			-	48,723
TOTAL OTHER PROGRAMS			24,360	1,761,054
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 24,360	\$ 58,668,241

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the State of Illinois, Governors State University (University) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of Governors State University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Governors State University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2016 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2016</u>
84.038	Federal Perkins Loan Program	\$3,056,185
93.264	Nurse Faculty Loan Program	\$ 801,533

NOTE 4 - SUBRECIPIENTS

During the year ended June 30, 2016, the University passed through federal assistance to subrecipients under the Research on Healthcare Costs, Quality and Outcomes program (CFDA Number 93.226) totaling \$24,360.

NOTE 5 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during for the year ended June 30, 2016.

NOTE 6 - INSURANCE

The University did not have federally funded insurance in effect during the year ended June 30, 2016.

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
EXPENDITURE AUTHORITY FOR FISCAL YEAR 2016

FOR THE FOURTEEN MONTHS ENDED AUGUST 31, 2016

	Expenditure Authority (Net of Transfers)	Expenditures through 6/30/16	Lapse Period Expenditures 7/01 - 8/31/16	Total Expenditures 14 Months ended 8/31/2016	Balances Lapsed
Public Act 99-0502					
Education Assistance Fund - 007:					
Ordinary and contingent expenses	\$ 6,974,400	\$ 6,970,870	\$ 3,530	\$ 6,974,400	\$ -
Total Education Assistance Fund	<u>\$ 6,974,400</u>	<u>\$ 6,970,870</u>	<u>\$ 3,530</u>	<u>\$ 6,974,400</u>	<u>\$ -</u>
Total Appropriated Funds	<u>\$ 6,974,400</u>	<u>\$ 6,970,870</u>	<u>\$ 3,530</u>	<u>\$ 6,974,400</u>	<u>\$ -</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to the University records.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 was signed into law on April 25, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rate of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007.

Note 4: Public Act 99-0524 authorized the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations. The Analysis of Operations section of this report at page 83 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Schedule 4

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

	Fiscal Years	
	2016 P.A. 99-0502	2015 P.A. 98-0678 and P.A. 99-0001
Education Assistance Fund - 007:		
Appropriations (net after transfers)	\$ 6,974,400	\$ 24,062,100
Expenditures:		
Personal services	-	21,160,621
Group insurance	-	559,579
Contractual services	-	1,725,000
Commodities	-	75,000
Equipment	-	250,000
Awards and grants	-	88,000
Ordinary and contingent expenses	6,974,400	-
Total Expenditures	6,974,400	23,858,200
Lapsed Balances	\$ -	\$ 203,900

Note 1: Fiscal Year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to the University records. Fiscal Year 2015 data within this report component was taken from the University's records and has been reconciled to the data from the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 was signed into law on April 25, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rate of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007.

Note 4: Public Act 99-0524 authorized the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations. The Analysis of Operations section of this report at page 83 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Schedule 5

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES

	2016	2015 (as corrected)
Fund balance, beginning of year	\$ 48,347,784	\$ 47,215,121
Income fund revenues:		
Student tuition and fees	38,226,390	33,545,435
Investment income	28,072	6,928
Miscellaneous	-	24,283
Total income fund revenues	38,254,462	33,576,646
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	36,139,249	21,976,143
Medicare and benefits	1,359,103	752,210
Contractual services	5,139,049	4,328,461
Travel	133,291	279,917
Commodities	486,438	593,201
Equipment and permanent improvements	756,051	605,435
Telecommunications services	224,425	255,653
Operation of automotive equipment	54,245	63,820
Miscellaneous expenditures	114,154	-
Awards, grants and matching funds	921,744	1,197,069
Tuition and fee waivers	1,728,483	1,813,001
Debt services transfer	579,073	579,073
Total income fund expenditures	47,635,305	32,443,983
Fund balance, end of year	\$ 38,966,941	\$ 48,347,784

Note: This schedule has been prepared on the accrual basis of accounting. Fiscal Year 2015 has been restated to correct amounts that were previously reported.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 6

SCHEDULE OF CHANGES IN STATE PROPERTY

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 1,389,086	\$ -	\$ -	\$ 1,389,086
Equipment	21,380,627	571,023	596,705	21,354,945
Equipment under capital lease	236,662	-	-	236,662
Intangible assets	1,077,097	-	-	1,077,097
Artwork/Artifacts	431,323	-	-	431,323
Library collection	12,849,165	341,491	536,170	12,654,486
Buildings and site improvements	<u>159,994,503</u>	<u>26,551</u>	<u>-</u>	<u>160,021,054</u>
Total	<u>\$ 197,358,463</u>	<u>\$ 939,065</u>	<u>\$ 1,132,875</u>	<u>\$ 197,164,653</u>

Note: This summary schedule was prepared using University property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles. This schedule has been reconciled to property reports (C-15 Agency Report of State Property) submitted to the Office of the State Comptroller.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 7

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 15 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 20%:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
Research	\$ 662,087	\$ 545,994	\$ 116,093	21%	The increase is due to spending on new research grants in Fiscal Year 2016.
Auxiliary enterprises	2,040,403	1,685,288	355,115	21%	The increase is primarily due to increases in State fringe benefits.

**STATE OF ILLIOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULE AND ANALYSIS
FOR TEH YEAR ENDED JUNE 30, 2016**

Schedule 8

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 15 of the financial audit report. Following are explanations for significant variances between revenue accounts exceeding \$100,000 and 20%:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
Federal grants and contracts	\$ 2,816,805	\$ 4,803,502	\$ (1,986,697)	-41%	The decrease is mostly due to the Teacher Quality Partnership grant that ended at the beginning of Fiscal Year 2016.
Auxiliary enterprises	3,364,201	2,725,837	638,364	23%	The increase is mostly due to increased occupancy of student housing on campus.
State Appropriation	6,974,400	23,858,200	(16,883,800)	-71%	Due to the budget impasse at the State level.
Other nonoperating income (expenses)	447,610	(4,845)	452,455	-9339%	Increase is due to insurance proceeds from the barn and equipment that were destroyed by fire during Fiscal Year 2016.
Capital additions provided by State of Illinois	26,550	2,968,818	(2,942,268)	-99%	Decrease is due to Capital Development Board projects have been completed and no significant projects in process.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 9

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Cash and Cash Equivalents

Cash and cash equivalents as presented on the Statement of Net Position consisted of the following:

	<u>2016</u>	<u>2015</u>
Deposit types:		
Cash	\$ 14,133,013	\$ 7,029,911
Illinois Funds	14,656,541	28,769,247
	<u>\$ 28,789,554</u>	<u>\$ 35,799,158</u>
Depositories used:		
First Midwest Bank	\$ 14,113,073	\$ 7,009,298
Illinois Funds	14,656,541	28,769,247
Cash on hand	19,940	20,613
	<u>\$ 28,789,554</u>	<u>\$ 35,799,158</u>

Cash and Cash Equivalents, Restricted

Cash and cash equivalents, restricted as presented on the Statement of Net Position consisted of the following:

	<u>2016</u>	<u>2015</u>
Deposit types:		
Money market	\$ 7	\$ 373,317
Illinois Funds	-	28,497
	<u>\$ 7</u>	<u>\$ 401,814</u>
Depositories used:		
Amalgamated Bank	\$ 7	\$ 373,317
Illinois Funds	-	28,497
	<u>\$ 7</u>	<u>\$ 401,814</u>

Cash and cash equivalents, unrestricted decreased by \$7 million primarily due to the reduced State appropriation funding for Fiscal Year 2016.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 9

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Other Noncurrent Assets

Other noncurrent assets decreased by \$0.2 million. During Fiscal Year 2016, the State University Risk Management Association ceased operations and returned the remaining capital contributions of the University.

Capital Assets

The University's capital assets as presented on the Statement of Net Position consisted of the following:

	2016	2015
Land	\$ 1,389,086	\$ 1,389,086
Artwork/Artifacts	431,323	431,323
Site improvements	9,309,741	9,309,741
Buildings	151,973,503	151,946,953
Intangible assets	1,077,097	1,077,097
Equipment under capital lease	236,662	236,662
Equipment	11,952,237	11,956,809
Library collection	12,654,486	12,849,165
Gross capital assets	189,024,135	189,196,836
Accumulated depreciation	(70,531,426)	(65,970,804)
Net capital assets	\$ 118,492,709	\$ 123,226,032

Net capital assets decreased by \$4.7 million mostly due to \$4.9 million of depreciation offset by some small acquisitions. There were no construction projects during the year, and for budget reasons, expenditures for other capital assets were severely limited.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 9

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Liabilities

The University's liabilities as presented on the Statement of Net Position consisted of the following:

	2016	2015
Accounts payable**	\$ 4,663,002	\$ 3,671,890
Agency funds payable	161,925	190,744
Accrued compensated absences	3,671,974	4,077,424
Due to component unit	-	4,144
Unearned revenue	4,298,000	4,161,997
Refundable grants	3,633,293	3,654,484
Revenue bonds payable	25,747,214	26,568,068
Notes payable	1,683,638	2,189,246
Capital lease payable	169,408	241,394
Certificates of participation	12,270,227	13,417,899
Total liabilities	\$ 56,298,681	\$ 58,177,290

The total liabilities decrease of \$1.9 million was mostly attributable to the \$2.6 million in principal payments made on revenue bonds, notes payable, capital lease payable, and certificates of participation. The \$1.2 million decrease in accounts payable includes \$288 thousand reduction in accrued interest and \$108 thousand reduction in capital asset acquisitions that were included in accounts payable in the prior year, along with the decrease of invoices payable due to reduced spending during the year.

** Accounts payable was understated in Fiscal Year 2015 by \$2.165 million due to under-accrual of wages payable. See Finding 2016-001. If the prior period had been restated, the Fiscal Year 2015 amount would have been \$5,837,433

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 10

ANALYSIS OF RECEIVABLES

The University's receivables as presented on the Statement of Net Position consisted of the following:

	2016	2015
Accounts receivable, net of allowance for uncollectible accounts of \$4,375,000 in 2016 and \$6,500,000 in 2015	\$ 7,422,573	\$ 4,536,489
Grants receivable	412,387	1,110,536
State appropriation receivable	2,711	3,680,628
Student loans, net of allowance for uncollectible loans of \$700,000 in 2016 and \$700,000 in 2015	3,358,809	3,574,925
Due from component unit	25,211	-
Total receivables	\$ 11,221,691	\$ 12,902,578

The \$3.7 million decrease in State appropriation receivable was due to reduced State appropriation funding for the fiscal year and timing of reimbursements. The \$0.7 million decrease in grants receivable is due to the timing of the drawdowns and an overall decline in grant funding. These decreases are offset by an increase of \$2.8 million in accounts receivable which is mainly due to State budget issues for a receivable from the Illinois Department of Children and Family Services and the timing of State Monetary Award Program funding.

An aging of accounts, grants, and student loans receivable is as follows:

	2016	2015
Not in repayment	\$ 2,076,317	\$ 2,488,633
Current	7,836,631	5,154,851
Up to 120 days past due	900,644	1,233,314
From 121 to 365 days past due	1,471,452	1,060,294
More than 365 days past due	3,983,725	6,484,858
Allowance for doubtful accounts	(5,075,000)	(7,200,000)
Net accounts, grants, and student loans receivable	\$ 11,193,769	\$ 9,221,950

Non-student receivables are not aged and have been presented above as current.

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GOVERNORS STATE UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

Schedule 11

SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 58,668,241
Total new loans made not included on SEFA schedule	-
Amount of federal loan balance at beginning of the year (not included on the SEFA schedule and continued compliance is required)	-
Other noncash federal award expenditures (not included on SEFA schedule)	-
Total Schedule A	<u>\$ 58,668,241</u>

Schedule B - Total Financial Component

Total operating expenses (from Financial Statements)	\$ 118,437,891
Total nonoperating expenses (from Financial Statements)	1,713,636
Total new loans made	42,927,855
Amount of federal loan balances at beginning of year	4,216,113
Other noncash federal award expenditures	-
Total Schedule B	<u>\$ 167,295,495</u>

Schedule C

		<u>Percent</u>
Total Schedule A	\$ 58,668,241	35.1%
Total nonfederal expenses	<u>108,627,254</u>	<u>64.9%</u>
Total Schedule B	<u>\$ 167,295,495</u>	<u>100.0%</u>

Note: These schedules are used to determine the University's single audit costs in accordance with Uniform Guidance.

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GOVERNORS STATE UNIVERSITY
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Schedule 12

SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS

The University receives indirect and administrative cost reimbursements for administration of grants and contracts, federally assisted financial aid programs, Veterans Affairs programs and other related activities. These funds are recorded in Other Unrestricted Funds and are expended for directly identifiable charges associated with such programs.

The administrative personal services expenditures are for selected University employees working in the functions generating the related revenues. The contractual services expenditures include audit charges to federally assisted programs. The remaining charges are for other expenditures related to the respective programs.

Balances remaining at June 30, 2016 are used to meet budgeted operational costs in Fiscal Year 2017. The following is an analysis of the sources and applications of indirect and administrative cost reimbursements recorded in the current fund for the year ended June 30, 2016:

	<u>Indirect Costs</u>	<u>Administrative Overhead</u>	<u>Total</u>
Balance at June 30, 2015	\$ 156,054	\$ 93,661	\$ 249,715
Add: Sources			
Recovered from grants and contracts	493,959	-	493,959
Financial aid program reimbursements	-	37,859	37,859
Total sources	<u>493,959</u>	<u>37,859</u>	<u>531,818</u>
Less: Applications			
Personal services	173,799	46,388	220,187
Contractual services	133,872	3,057	136,929
Commodities	1,161	-	1,161
Others	11,969	1,532	13,501
Total applications	<u>320,801</u>	<u>50,977</u>	<u>371,778</u>
Balance at June 30, 2016	<u>\$ 329,212</u>	<u>\$ 80,543</u>	<u>\$ 409,755</u>

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Schedule 13

**SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE
UNIVERSITY INCOME FUND AS REQUIRED BY 1982 UNIVERSITY
GUIDELINES (AMENDED 1997) (UNAUDITED)**

Cash and cash equivalents balance:	
Cash and cash equivalents	\$ 560,902
Actual cash carried forward	560,902
Less: Allowable carry-forward per formula:	
Allocated reimbursements: 30% of total indirect cost reimbursements allocated for expenditure for the fiscal year completed ($\$5,632,848 \times 30\%$)	1,689,854
Unallocated reimbursements: Lesser of actual unallocated indirect cost reimbursements for the fiscal year completed or 10% of total indirect cost allocations for the fiscal year completed	-
Current liabilities paid in lapse period	151,147
Maximum allowable carry-forward	1,841,001
Excess cash and cash equivalents to be deposited into the University Income Fund	\$ -

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Schedule 14

**SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED
BY 1982 UNIVERSITY GUIDELINES (AMENDED 1997) (UNAUDITED)**

	Auxiliary Enterprises		Activities	
	University Facilities System Revenue Bonds	Center for Performing Arts	Educational and Student Life Activities	University Service Departments
Current available funds:				
Cash and cash equivalents	A \$ (107,280)	\$ (133,176)	\$ 6,283,849	\$ (183,798)
Working capital allowance:				
Highest month's expenditures	1,049,037	105,983	2,440,447	101,512
Current liabilities paid during lapse period	327,635	17,619	190,844	3,847
Unearned revenue	319,409	-	590,909	-
Working capital allowance	B <u>1,696,081</u>	<u>123,602</u>	<u>3,222,200</u>	<u>105,359</u>
Current excess funds (margin of compliance):				
Deduct B from A	<u>\$ (1,803,361)</u>	<u>\$ (256,778)</u>	<u>\$ 3,061,649</u>	<u>\$ (289,157)</u>
Calculation of net excess funds for remittance:				
Indentured capital reserves:				
Unspent project proceeds included in cash above			\$ -	
Funds reserved for debt retirement			-	
Nonindentured capital reserves:				
5% of the replacement cost of buildings and improvements			4,713,654	
10% of the historical cost of parking lots			-	
20% of the historical cost of equipment			-	
Total allowable capital reserves			<u>\$ 4,713,654</u>	
Net excess funds			<u>\$ -</u>	

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Schedule 15

BALANCE SHEETS - AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES

	<u>Auxiliary Enterprises</u>		<u>Activities</u>			<u>Total Auxiliary Enterprises and Activities</u>
	<u>University Facilities System Revenue Bonds</u>	<u>Center for Performing Arts</u>	<u>Educational and Student Life Activities</u>	<u>University Service Departments</u>	<u>Administrative Overhead/ Indirect Costs</u>	
Assets						
Cash and cash equivalents	\$ 2	\$ -	\$ 6,283,849	\$ -	\$ 560,902	\$ 6,844,753
Accounts receivable, net	164,750	118,222	3,338,544	-	-	3,621,516
Inventories	-	-	-	60,045	-	60,045
Prepaid debt service insurance	10,810	-	-	-	-	10,810
Buildings and improvements, net	4,852,614	5,812,724	24,104,185	96,336	-	34,865,859
Housing, net	20,393,891	-	-	-	-	20,393,891
Parking lots, net	2,774,761	-	-	-	-	2,774,761
Equipment, net	185,049	57,721	-	98,639	-	341,409
Total assets	<u>28,381,877</u>	<u>5,988,667</u>	<u>33,726,578</u>	<u>255,020</u>	<u>560,902</u>	<u>68,913,044</u>
Liabilities						
Bank overdraft	107,282	133,176	-	183,798	-	424,256
Accounts payable	327,635	17,619	190,844	3,847	151,147	691,092
Revenue bonds payable	25,747,215	-	-	-	-	25,747,215
Unearned revenue	319,409	-	590,909	-	-	910,318
Total liabilities	<u>26,501,541</u>	<u>150,795</u>	<u>781,753</u>	<u>187,645</u>	<u>151,147</u>	<u>27,772,881</u>
Fund balances						
Other unrestricted funds	(578,764)	(32,573)	8,840,640	(127,600)	409,755	8,511,458
Net investment in capital assets	2,459,100	5,870,445	24,104,185	194,975	-	32,628,705
Total fund balances	<u>1,880,336</u>	<u>5,837,872</u>	<u>32,944,825</u>	<u>67,375</u>	<u>409,755</u>	<u>41,140,163</u>
Total liabilities and fund balances	<u>\$ 28,381,877</u>	<u>\$ 5,988,667</u>	<u>\$ 33,726,578</u>	<u>\$ 255,020</u>	<u>\$ 560,902</u>	<u>\$ 68,913,044</u>

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GOVERNORS STATE UNIVERSITY
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Schedule 16

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES**

	Auxiliary Enterprises	
	University Facilities	Center for
	System Revenue	Performing Arts *
	Bonds	
Revenues	\$ 4,332,986	\$ 701,432
Expenditures		
Personal services	1,329,616	379,225
Contractual services	1,821,882	284,816
Commodities	132,590	37,149
Equipment	45,419	3,697
Others	1,146,570	26,029
	4,476,077	730,916
Total expenditures		
Deficiency of revenues under expenditures	(143,091)	(29,484)
Fund balance (deficit), beginning of year	2,023,427	(3,089)
Fund balance (deficit), end of year	\$ 1,880,336	\$ (32,573)

* This Schedule only presents "Other Unrestricted Funds" for the Center for Performing Arts.

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Schedule 16

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES**

	Educational and Student Life Activities *						Total	
	Educational Program	Student Activities	Academic Enhancement	Media	Farm	Telecomm		Others
Revenues	\$ 7,131,987	\$ 297,093	\$ 5,176,632	\$ 364,465	\$ 52,891	\$ 1,736	\$ 1,906,047	\$ 14,930,851
Expenditures								
Personal services	5,999,720	497,908	78,628	254,806	-	-	481,107	7,312,169
Contractual services	481,136	197,123	449,335	161,968	76,969	-	588,741	1,955,272
Commodities	34,828	51,612	19,654	7,676	-	-	39,519	153,289
Equipment	71,058	-	186,859	6,636	-	-	196,944	461,497
Others	216,165	36,330	973,077	2,024	-	-	32,827	1,260,423
Total expenditures	<u>6,802,907</u>	<u>782,973</u>	<u>1,707,553</u>	<u>433,110</u>	<u>76,969</u>	<u>-</u>	<u>1,339,138</u>	<u>11,142,650</u>
Transfers								
Transfer in	35,499	38,863	-	29,150	-	-	938	104,450
Transfer out	(30,000)	(1,000)	(1,732,183)	-	-	-	(29,150)	(1,792,333)
Total transfers, net	<u>5,499</u>	<u>37,863</u>	<u>(1,732,183)</u>	<u>29,150</u>	<u>-</u>	<u>-</u>	<u>(28,212)</u>	<u>(1,687,883)</u>
Total expenditures and transfers	<u>6,797,408</u>	<u>745,110</u>	<u>3,439,736</u>	<u>403,960</u>	<u>76,969</u>	<u>-</u>	<u>1,367,350</u>	<u>12,830,533</u>
Excess (deficiency) of revenues over (under) expenditures and transfers	334,579	(448,017)	1,736,896	(39,495)	(24,078)	1,736	538,697	2,100,318
Fund balance (deficit), beginning of year	<u>1,036,502</u>	<u>3,174,109</u>	<u>(1,485,810)</u>	<u>965,504</u>	<u>562,162</u>	<u>19,205</u>	<u>2,468,650</u>	<u>6,740,322</u>
Fund balance (deficit), end of year	<u>\$ 1,371,081</u>	<u>\$ 2,726,092</u>	<u>\$ 251,086</u>	<u>\$ 926,009</u>	<u>\$ 538,084</u>	<u>\$ 20,941</u>	<u>\$ 3,007,347</u>	<u>\$ 8,840,640</u>

* This Schedule only presents "Other Unrestricted Funds" for the Educational and Student Life Activities.

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Schedule 16

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES**

	University Service Departments *			Total
	Business Services	Motor Pool	Mail Service	
Revenues	\$ 571,701	\$ 51,935	\$ 110,090	\$ 733,726
Expenditures				
Personal services	142,537	33,985	57,266	233,788
Contractual services	210,347	133	102,289	312,769
Commodities	260,603	-	901	261,504
Equipment	2,573	-	-	2,573
Others	4,499	51,935	1,166	57,600
Total expenditures	620,559	86,053	161,622	868,234
Transfers				
Transfer in	-	1,217	2	1,219
Transfer out	(1,367)	-	-	(1,367)
Total transfers, net	(1,367)	1,217	2	(148)
Total expenditures and transfers	621,926	84,836	161,620	868,382
Excess (deficiency) of revenues over (under) expenditures and transfers	(50,225)	(32,901)	(51,530)	(134,656)
Fund balance (deficit), beginning of year	114,389	(56,559)	(50,774)	7,056
Fund balance (deficit), end of year	\$ 64,164	\$ (89,460)	\$ (102,304)	\$ (127,600)

* This Schedule only presents "Other Unrestricted Funds" for the University Service Departments Activities.

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Schedule 16

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES**

	Administrative Overhead/Indirect Costs *				Total
	Grants and Contracts	Business Office	Financial Aid and Veterans Affairs	Other Activities	
Revenues	\$ 466,290	\$ 8,295	\$ 29,564	\$ 27,669	\$ 531,818
Expenditures					
Personal services	158,702	-	46,388	15,097	220,187
Contractual services	133,632	2,936	121	240	136,929
Commodities	666	-	-	495	1,161
Others	11,969	1,532	-	-	13,501
Total expenditures	304,969	4,468	46,509	15,832	371,778
Excess (deficiency) of revenues over (under) expenditures	161,321	3,827	(16,945)	11,837	160,040
Fund balance (deficit), beginning of year	(624,012)	62,591	31,070	780,066	249,715
Fund balance (deficit), end of year	\$ (462,691)	\$ 66,418	\$ 14,125	\$ 791,903	\$ 409,755

*This Schedule only presents "Other Unrestricted Funds" for the Administrative Overhead/Indirect Costs Activities.

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UNIVERSITY FUNCTIONS AND PLANNING PROGRAM

Governors State University (University) was chartered in 1969 to provide affordable and accessible undergraduate and graduate education to its culturally and economically diverse life-long learners in the Chicago metropolitan area. It is governed by the Board of Trustees of the University created in January 1996 as a result of legislation to reorganize governance of State higher education institutions. As a comprehensive public university, the University provides liberal arts, science, and professional preparation at the undergraduate, master and doctoral levels.

Planning

Vision 2020 is the strategic plan of the University. Vision 2020 was formally adopted by the University Board of Trustees on February 27, 2015 and is designed to provide general direction for all University initiatives through the 2019-2020 academic year.

Vision 2020 articulates the mission and vision statements of the University as follows:

Mission Statement: Governors State University is committed to offering exceptional and accessible education that prepares students with the knowledge, skills and confidence to succeed in a global society.

Vision Statement: Governors State University will create an intellectually stimulating public square, serve as an economic catalyst for the region, and lead as a model of academic excellence, innovation, diversity and responsible citizenship.

The mission and vision statements are supported by six core values, specified as follows:

- (1) Invest in Student Success through a commitment to mentoring and a deliberate University focus on student achievement of academic, professional and personal goals.
- (2) Provide Opportunity and Access to a first-class public education to residents of our surrounding communities and all those traditionally underserved by higher education.
- (3) Serve as an Economic Catalyst for the citizens of the State of Illinois and our larger Midwest region, so that our communities grow and flourish.
- (4) Prepare Stewards of our Future to thrive in the global economy, to contribute to ongoing innovative research and to serve as stewards of the environment.
- (5) Demonstrate Inclusiveness and Diversity to encourage acceptance of wide-ranging perspectives among students, staff, faculty and members of the broader community.
- (6) Promote Quality of Life which encompasses civic, personal, professional and cultural growth.

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UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (Continued)

Consistent with these values, the University actively pursues eight primary goals:

- (1) Academic Excellence: Provide distinctive academic programs that effectively prepare students to become leaders and productive citizens in the global community.
- (2) Student Success: Provide a seamless and supportive pathway from admission to graduation focused on personal and academic success to help ensure that students are career ready and positioned to be leaders and citizens in the community.
- (3) High Quality Faculty and Staff: Provide students access to a highly qualified, motivated, and diverse faculty and staff.
- (4) Enrollment Management: Develop and implement strategic initiatives with respect to recruitment, admission, retention, and graduation rates of undergraduate and graduate students at Governors State University.
- (5) Financial Growth and Resiliency: Diversify the University's revenue streams to ensure resources that are necessary for institutional growth and fiscal sustainability.
- (6) Visibility, Outreach and Economic Catalyst: Pursue initiatives that make the University a preferred destination in the region for cultural, social, economic, and continuing education pursuits; enhance collaboration between the University and its communities; position the University as a leader and partner in vibrant public dialogue; and increase the University's effectiveness as an economic catalyst in the region.
- (7) Social, Ethical and Environmental Responsibility: Build an institution that is socially, ethically, and environmentally responsible.
- (8) Continuous Process Improvement: Develop and sustain a climate of continuous improvement which is defined by evidence-based decision-making focused on enriching the student experience.

Within the larger context set by Vision 2020, the annual budget process at the University operates under the general direction of the Planning and Budget Advisory Council (PBAC), a 22-member group composed of administrators, faculty, staff and students, and co-chaired by the Provost and the Executive Vice President. The role of PBAC is to develop recommendations on all budgetary issues of University-wide scope and, after due deliberation, to forward those recommendations to the University President.

Every spring, PBAC operates the annual budget process. The group develops guidelines consistent with the goals of Vision 2020, and procedures and timelines in accordance with which every budget unit of the University develops its budget requests for the fiscal year to come. Public

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UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (Continued)

hearings are held at which each unit presents its request and is subject to questions and discussions from the members of the PBAC. Final recommendations are developed and forwarded to the President for her adoption. The President, in turn, forwards final recommendations on tuition and fees and on budgets to the Board of Trustees.

During Fiscal Year 2016, this process was altered due to lack of an operating appropriation for most of the year. Because of that lack, and its implications for significant funding reductions in both Fiscal Year 2016 and 2017, the President directed the heads of all major budget units to develop and submit to their supervising vice president, a proposal for Fiscal Year 2017 that included significant reductions in their personnel. The President, the Provost, and the Executive Vice President evaluated these proposals and determined which would be implemented for fiscal year 2017. This alternative procedure was discussed with PBAC prior to its implementation and PBAC endorsed it.

The Provost and the Executive Vice President are working with their respective unit heads and with other University staff to develop a set of indicators to measure achievement of the goals specified in Vision 2020. When that development process is complete, data will be gathered on those indicators by the Office of Institutional Research and displayed for viewing by members of the University community and the general public.

University Head and Location

The President of the University is Dr. Elaine P. Maimon whose office is located at:

Governors State University
1 University Parkway
University Park, IL 60484

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BUDGET IMPASSE DISCLOSURES

Article 74 of Public Act 99-0524 authorized the University to pay Fiscal Year 2016 costs using the University's Fiscal Year 2017 non-payroll appropriations. The following chart shows the University's plan to expend its Fiscal Year 2017 appropriations to cover its Fiscal Year 2016 costs:

OUTSTANDING FISCAL YEAR 2016 INVOICES

<u>Fund No.</u>	<u>Fund Name</u>	<u>Number</u>	<u>Dollar Value</u>
007	Education Assistance Fund	8	\$ 12,665,443

**ALTERNATIVE FUNDING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**

Transactions Involving the Illinois Finance Authority

The University and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the University's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2015 and Fiscal Year 2016.

INTEREST COSTS ON FISCAL YEAR 2016 INVOICES

The University did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The University's vendors were paid within 90 days or paid from funds and accounts that are ineligible for prompt payment interest due to vendors under this Act.

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AVERAGE NUMBER OF EMPLOYEES

	<u>2016</u>	<u>2015</u>
Full-time equivalent employees funded by State appropriated funds:		
Faculty	282.6	304.5
Administrative	63.0	67.4
Civil service	168.0	166.7
Other professionals	58.4	99.5
Graduate assistants	22.0	17.7
Students	4.0	13.4
Total	<u>598.0</u>	<u>669.2</u>
Full-time equivalent employees funded by nonappropriated funds:		
Faculty	26.0	9.8
Administrative	28.4	21.9
Civil service	94.3	84.0
Other professionals	77.9	83.0
Graduate assistants	3.2	2.7
Students	61.1	27.6
Total	<u>290.9</u>	<u>229.0</u>

Note: Staff years are calculated in accordance with the guidelines established by the Illinois Board of Higher Education. A staff-year employee represents one person working full-time for a year.

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STUDENT STATISTICS

Enrollment Statistics

	Academic Year 2015-2016		
	Fall	Spring	Summer
Headcount:			
Undergraduate	3,570	3,333	1,426
Graduate	2,368	2,350	1,564
Total	5,938	5,683	2,990
Full-time equivalent:			
Undergraduate	2,447	2,267	555
Graduate	1,473	1,453	841
Total	3,920	3,720	1,396

Student Cost Statistics

	2016	2015
Annual full-time equivalent students:		
Undergraduate	2,634	2,629
Graduate	1,884	1,745
Total	4,518	4,374
Total instructional costs per IBHE Cost Study Report**	\$ 30,711,200	\$ 34,022,400
Annual full-time equivalent students	4,518	4,374
Cost per full-time equivalent student	\$ 6,798	\$ 7,778

* Annual full-time equivalent students are calculated in accordance with the guidelines established by the Illinois Board of Higher Education (IBHE), which is determined by dividing the total credit hours generated in the fiscal year by 30 hours for undergraduate students and 24 hours for graduate students.

**

Reflects 2016 preliminary University calculations and 2015 actual based on IBHE reporting standards.

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SELECTED SERVICE EFFORTS AND ACCOMPLISHMENTS

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
1. Student headcount - Fall term (a)	<u>5,603</u>	<u>5,609</u>	<u>5,568</u>	<u>5,776</u>	<u>5,938</u>
2. Minority enrollment - Fall term (a)	<u>2,798</u>	<u>2,814</u>	<u>2,797</u>	<u>3,069</u>	<u>2,948</u>
3. Degrees awarded - Fiscal year (b)	<u>1,701</u>	<u>1,634</u>	<u>1,621</u>	<u>1,496</u>	<u>1,678</u>
4. Credit hours - Academic year (f)	<u>115,355</u>	<u>113,602</u>	<u>111,515</u>	<u>120,768</u>	<u>124,235</u>
5. Unduplicated headcount - Academic year (d, f)	<u>7,437</u>	<u>7,396</u>	<u>7,121</u>	<u>7,315</u>	<u>7,503</u>
6. Annualized tuition and fees (c):					
Undergraduate					
Resident (e)	<u>\$ 7,202</u>	<u>\$ 7,346</u>	<u>\$ 7,562</u>	<u>\$ 7,562</u>	<u>\$ 8,174</u>
Nonresident	<u>\$ 13,034</u>	<u>\$ 13,322</u>	<u>\$ 13,682</u>	<u>\$ 13,682</u>	<u>\$ 14,918</u>
Graduate					
Resident	<u>\$ 5,882</u>	<u>\$ 5,990</u>	<u>\$ 6,170</u>	<u>\$ 6,170</u>	<u>\$ 6,932</u>
Nonresident	<u>\$ 10,670</u>	<u>\$ 10,886</u>	<u>\$ 11,192</u>	<u>\$ 11,192</u>	<u>\$ 12,458</u>

(a) Per IBHE Fall Enrollment Survey, Part II, Table II.

(b) Per data file extracted by the University's Institutional Research Office at the end of each term.

(c) Per Integrated Postsecondary Education Data System (IPEDS) Institutional Characteristics Survey, using 12 and 9 credit hours per term for full-time status undergraduate and graduate students, respectively.

(d) This represents cumulative students for the academic year without double counting students enrolled more than one term.

(e) Tuition rate used is the rate for new full-time undergraduate students.

(f) Per IPEDS Institutional Characteristics Survey.

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EMERGENCY PURCHASES

The University awarded a contract for a water main replacement and related repairs. Immediate repairs were needed to prevent further loss or damage to University property.

Obligation Number:	Emergency Award Number 121115
Vendor:	M&J Underground, Inc.
Estimated Amount:	\$184,000
Actual Amount:	\$165,252

UNIVERSITY BOOKSTORE INFORMATION

The University has a contractual arrangement for bookstore operations on campus. The University's current contract is for the period September 1, 2013 through August 31, 2017. The contract with the bookstore requires commissions to be paid to the University based on the following terms for the fiscal year September 1 to August 31:

1. 10.0% of all gross revenue up to \$1,000,000; plus
2. 11.0% of any part of gross revenue over \$1,000,000 but less than \$1,500,000; plus
3. 12.0% of any part of gross revenue over \$1,500,000.

During the University's fiscal year July 1, 2015 to June 30, 2016, the bookstore had gross sales of \$1,331,911, the University earned commissions of \$131,930 (\$1,119,399 @ 10% commission and \$181,731 @ 11% commission), and the University spent a total of \$30,781 (commission exempt) at the bookstore. The contract with the bookstore gives the contractor exclusive rights to sell books on campus, and there are no other "on-campus" or nearby bookstores.

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SCHEDULE OF DEGREES AWARDED

The following schedule presents the number of degrees awarded by the University for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Number of Degrees Awarded</u>		
	<u>Graduate</u>	<u>Undergraduate</u>	<u>Total</u>
2016	716	962	1,678
2015	591	905	1,496
2014	645	976	1,621
2013	696	938	1,634
2012	743	958	1,701
2011	909	923	1,832
2010	862	856	1,718
2009	1,001	767	1,768
2008	1,033	878	1,911
2007	964	908	1,872
2006	809	740	1,549

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES

University Reporting in Accordance with University Guidelines

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The information below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2016, where such special data is found.

Compliance Findings

13(a) For the year ended June 30, 2016, no findings of noncompliance with University Guidelines were noted.

Indirect Cost Reimbursements

13(b) Refer to page 72 of this report for an analysis of the sources and applications of indirect cost reimbursements for the year ended June 30, 2016.

13(c) Refer to page 73 of this report for the calculation sheet for indirect cost carry-forward. There were no excess funds required to be deposited into the Income Fund within 45 days after the end of the lapse period.

Tuition Charges and Fees

13(d) No instances of tuition being diverted to auxiliary enterprise operations were noted.

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

- University Facilities System Revenue Bonds includes all operations of the Student Center, University Bookstore, University Parking Facilities, University Housing, and University Food Service and Vending Facilities.
 - Student Center is the focal point of student activity programs on campus and includes student activities and recreation facilities. Student Center revenue is derived from fees charged to students.
 - Bookstore operations provide texts and supplies to students. The bookstore is managed under contract by a third party whereby the University receives commission revenue from operations.

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- Parking provides operation and maintenance of University parking facilities. Revenues are generated from user fees.
 - Housing provides living quarters for students on campus. Revenues are generated from residence fees.
 - Food service and vending provide meals and catering services under contract to the University community. Commission revenue is received by the University.
 - Center for Performing Arts provides cultural entertainment to the University community. Revenues are generated from ticket sales.
 - Educational and Student Life Activities represent credit and noncredit conferences, workshops and seminars, and organized student activities. Revenues are generated from course fees charged to participants and from student activity fees.
 - Service Departments provide products or services to University departments. Revenues are generated from chargebacks to user departments.
 - Indirect and Administrative Cost accounts receive the “overhead” portion of grant and contract expense incurred. Revenues are generated from charges to sponsors as well as royalties received on special projects.
- 13(f) Refer to pages 75 through 79 of this report for the financial statements of each accounting entity.
- 13(g) Calculations of current excess funds for each entity are presented on page 74 of this report. There were no excess funds required to be deposited into the Income Fund within 45 days after the end of the lapse period.
- 13(h) The following is a schedule of indirect subsidies to Auxiliary Enterprises and Activities for the year ended June 30, 2016:

Auxiliary Enterprises:	
University Facilities System Revenue Bonds	\$ 913,578
Center for Performing Arts	260,558
	<u>\$ 1,174,136</u>
Activities:	
Educational and Student Life Activities	\$ 4,012,604
University Service Departments	160,631
	<u>\$ 4,173,235</u>

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Indirect subsidies represent support received by Auxiliary Enterprises and Activities from State appropriated funds for retirement and group insurance benefits. There were no direct subsidies to Auxiliary Enterprises and Activities from appropriated funds during the year ended June 30, 2016.

- 13(i) A Statement of Revenues, Expenses and Changes in Net Position for the bond indenture required accounts is presented on page 51 of the financial audit report.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) As of June 30, 2016, no non-instructional facilities reserves have been established by the University.

University Related Organizations

- 13(l) The University recognizes the Governors State University Foundation (Foundation) as a University Related Organization. There are no organizations considered by the University to be “Independent Organizations” as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 93 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 10 on page 45 of the financial audit report for details related to services and support provided.
- 13(o) As of June 30, 2016, there are no unreimbursed subsidies to the Foundation from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation.

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

Other Topics

- 13(q) Schedules of cash and cash equivalents (short-term investments) for the year ended June 30, 2016 are presented in the Analysis of Significant Account Balances section of this report on page 67, and in footnotes 3 and 4 on pages 26 through 30 of the financial audit report.
- 13(r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- 13(s) Student cost statistics are presented on page 85 of this report.
- 13(t) Neither the University nor the Foundation has purchased any real estate during the year ended June 30, 2016.
- 13(u) Neither the University nor the Foundation issued certificates of participation during the year ended June 30, 2016.

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

Summary of Foundation Cash Support to the University

During Fiscal Year 2016, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University provided \$301,627 of services to the Foundation equal to the cost of the services the Foundation provided the University for the fiscal year ended June 30, 2016. In addition, the Foundation supported the University with funds considered to be unrestricted for purposes of the University Guidelines computations and other non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Foundation for the fiscal year ended June 30, 2016.

Funds considered unrestricted for purposes of the University Guidelines computations:

Restricted only as to campus, college or department and generally available for on-going University operations:		
- Given to a particular college	\$	2,300
- Given to a particular department		153,856
Total funds considered unrestricted		156,156

Funds considered restricted for purposes of the University Guidelines computations:

Given for Center for Performing Arts		15,426
Given for scholarships		103,748
Total funds considered restricted		119,174

Total funds provided to the University by the Foundation	\$	275,330
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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

Schedule of Tuition and Fee Waivers

	Undergraduate				Graduate			
	<u>Tuition Waivers</u>		<u>Fee Waivers</u>		<u>Tuition Waivers</u>		<u>Fee Waivers</u>	
	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)
<u>Mandatory Waivers</u>								
Teacher Special Education	-	\$ -	-	\$ -	7	\$ 27.5	7	\$ 5.6
Children of Employees	25	55.7	-	-	-	-	-	-
Senior Citizens	13	40.8	-	-	3	8.3	-	-
Veterans Grants & Scholarships	104	344.7	104	70.5	66	206.4	66	42.3
Subtotal	<u>142</u>	<u>441.2</u>	<u>104</u>	<u>70.5</u>	<u>76</u>	<u>242.2</u>	<u>73</u>	<u>47.9</u>
<u>Discretionary Waivers</u>								
Faculty/Administrators	1	3.5	1	0.7	30	115.6	30	23.7
Civil Service	11	38.3	11	7.8	35	91.5	35	18.7
Academic/Other Talent	221	387.9	221	79.5	-	-	-	-
Athletics	43	111.1	43	24.5	2	6.6	2	1.4
Gender Equity in Intercollegiate Athletics	9	30.6	9	4.6	-	-	-	-
Foreign Students	-	-	-	-	28	83.9	28	17.2
Cooperating Professionals	3	2.2	3	0.5	2	2.5	2	0.5
Research Assistants	-	-	-	-	5	31.8	5	6.5
Teaching Assistants	-	-	-	-	13	82.8	13	16.9
Other Assistants	9	37.6	9	7.7	73	520.0	73	105.0
Interinstitutional	22	59.3	22	12.2	41	129.0	41	26.4
Retired University Employees	-	-	-	-	1	1.9	1	0.4
Subtotal	<u>319</u>	<u>670.5</u>	<u>319</u>	<u>137.5</u>	<u>230</u>	<u>1,065.6</u>	<u>230</u>	<u>216.7</u>
Total	<u>461</u>	<u>\$ 1,111.7</u>	<u>423</u>	<u>\$ 208.0</u>	<u>306</u>	<u>\$ 1,307.8</u>	<u>303</u>	<u>\$ 264.6</u>