



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**WESTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT**

**For the One Year Ended: June 30, 2011**

**Release Date: February 21, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>2</b>
<b>Total last audit:</b>	<b>2</b>
<b>Repeated from last audit:</b>	<b>0</b>

**INTRODUCTION**

This report contains only findings pertaining to the Financial Statement Audit.

The State Compliance Examination and Federal Single Audit Report will be issued at a later date.

**SYNOPSIS**

- The University had not established adequate internal controls over property records to ensure proper calculation and recording of depreciation expense.

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

**WESTERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT**  
For The Year Ended June 30, 2011 (in thousands)

STATEMENT OF NET ASSETS	2011	2010
<b>Assets</b>		
Cash and cash equivalents.....	\$ 54,902	\$ 43,889
Investments.....	28,005	10,000
Accounts and student loans receivable, net.....	10,052	9,141
Due from primary government.....	25,360	17,926
Capital assets, net.....	173,565	153,934
Other.....	4,275	3,663
Total.....	<u>\$ 296,159</u>	<u>\$ 238,553</u>
<b>Liabilities</b>		
Accounts payable, accrued payroll, liabilities.....	\$ 21,302	\$ 18,660
Compensated absences.....	13,954	15,664
Revenue bonds, certificates of participation.....	88,940	56,563
Other.....	7,038	6,873
Total.....	<u>\$ 131,234</u>	<u>\$ 97,760</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt.....	\$ 122,136	\$ 106,815
Restricted.....	2,047	2,028
Unrestricted.....	40,742	31,950
Total.....	<u>\$ 164,925</u>	<u>\$ 140,793</u>

REVENUES, EXPENSES AND CHANGES IN NET ASSETS	2011	2010
<b>Revenues</b>		
State appropriations.....	\$ 121,976	\$ 113,352
Tuition and fees, net.....	75,988	73,193
Auxiliary enterprises.....	50,574	49,639
Grants and other contracts.....	29,816	26,494
Sales and services of educational activities.....	5,106	5,152
Other.....	4,742	7,942
Total.....	<u>\$ 288,202</u>	<u>\$ 275,772</u>
<b>Expenses</b>		
Instruction.....	\$ 61,151	\$ 61,812
Staff benefits.....	6,596	7,800
Auxilliary enterprises.....	40,884	40,066
Institutional support.....	12,815	12,485
Student services.....	20,013	19,747
Academic support.....	17,269	17,687
Operation and maintenance of plant.....	15,463	16,909
Student aid.....	9,533	8,135
On-behalf payments.....	54,314	50,456
Other.....	26,032	25,487
Total.....	<u>\$ 264,070</u>	<u>\$ 260,584</u>
Change in net assets.....	\$ 24,132	\$ 15,188

<b>AGENCY DIRECTOR</b>
During Examination Period: Dr. Alvin Goldfarb
Currently: Dr. Jack Thomas

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER UNIVERSITY  
PROPERTY AND EQUIPMENT**

The University had not established adequate internal controls over property records to ensure proper calculation and recording of depreciation expense and accountability for property.

**Capital asset depreciation was overstated by nearly \$72,000**

The auditors noted 4 of 29 (14%) assets examined were not accurately depreciated during Fiscal Year 2011. Further, examination of all capital assets identified a net overstatement of depreciation expense and accumulated depreciation by approximately \$71,858 for the fiscal year.

**Management controls did not operate properly**

The auditors also noted the management controls created to account for missing property and review the missing property report was not operating as intended. One University Department reported 184 equipment items totaling \$456,703 missing. These items represented 62% of the Department's total inventory accountability and 56% of the 459 total items reported missing by the University. Upon auditor's notification, the Department further investigated and found 99 (54%) of the 184 items. The auditors subsequently found 2 of 25 (5%) items tested from the University's revised list of missing property.

**Missing equipment**

Governmental Accounting Standards Board Statement No. 34 and University policy provide accounting requirements for depreciation expense. University policy requires upper management review of missing property lists to determine whether a continued search, theft investigation, or removal from records should occur. (Finding 1, pages 44-46)

We recommended that the University make the necessary adjustments to correct its capital asset and depreciation records. In addition, the University should update values in the fixed assets inventory system to prevent future miscalculations. Further, the University should ensure oversight review is performed on physical inventory results to assure accuracy and prompt resolution of inventory discrepancies.

**University agrees with auditors**

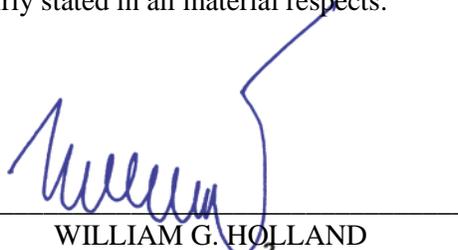
University officials agreed with the finding and stated corrective action will be taken.

**OTHER FINDING**

The remaining finding is reportedly being given attention by the University. We will review the University's progress toward implementation of our recommendations in our next audit.

**AUDITORS' OPINION**

Our auditors stated the financial statements of Western Illinois University as of June 30, 2011, and for the year then ended, are fairly stated in all material respects.



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WILLIAM G. HOLLAND  
.. Auditor General

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AUDITORS ASSIGNED: Our special assistant auditors for this examination were E. C. Ortiz & Co. LLP.