



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**WESTERN ILLINOIS UNIVERSITY**

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

**Release Date: March 12, 2015**

| FINDINGS THIS AUDIT: 9        | New      | Repeat   | Total    | AGING SCHEDULE OF REPEATED FINDINGS |            |            |            |
|-------------------------------|----------|----------|----------|-------------------------------------|------------|------------|------------|
|                               |          |          |          | Repeated Since                      | Category 1 | Category 2 | Category 3 |
| <b>Category 1:</b>            | <b>0</b> | <b>0</b> | <b>0</b> | 2013                                |            | 14-1, 14-7 |            |
| <b>Category 2:</b>            | <b>4</b> | <b>5</b> | <b>9</b> | 2012                                |            | 14-4, 14-6 |            |
| <b>Category 3:</b>            | <b>0</b> | <b>0</b> | <b>0</b> | 2010                                |            | 14-5       |            |
| <b>TOTAL</b>                  | <b>4</b> | <b>5</b> | <b>9</b> |                                     |            |            |            |
| <b>FINDINGS LAST AUDIT: 7</b> |          |          |          |                                     |            |            |            |

**INTRODUCTION**

This digest covers the Western Illinois University Compliance Examination and federal Single Audit as of and for the year ended June 30, 2014. Western Illinois University's Financial Audit covering the year ended June 30, 2014 was issued in a separate report on January 15, 2015. In total, this report contains 9 findings, two of which were reported in the Financial Audit.

**SYNOPSIS**

- (14-04) The University did not fully comply with the Campus Security Enhancement Act of 2008 by ensuring the accurate reporting of arrest incident details and timeliness of pre-employment background checks.
- (14-05) The University's internal controls over contracts should be enhanced to ensure the agreements contain all necessary provisions and were timely filed.
- (14-06) The University subsidized operations of University activities between accounting entities.

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

{Financial data is summarized on the reverse page.}

**WESTERN ILLINOIS UNIVERSITY**  
**COMPLIANCE EXAMINATION AND SINGLE AUDIT**  
**For the Year Ended June 30, 2014**

| <b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Amounts in Thousands)</b> | <b>FY 2014</b>  | <b>FY 2013</b>  |
|---|-----------------|-----------------|
| <b>INCOME FUND REVENUES</b>   |                 |                 |
| Registration fees.....  | \$ 68,706       | \$ 69,044       |
| Other student charges.....  | 1,706           | 1,390           |
| Extension.....  | 9,427           | 8,156           |
| Tuition and fees waived, faculty and staff.....   | (3,862)         | (3,766)         |
| Tuition and fees waived, students.....  | (3,563)         | (3,661)         |
| Other.....  | 1,022           | 981             |
| Total Revenues.....   | \$ 73,436       | \$ 72,144       |
| <b>INCOME FUND EXPENDITURES</b>   |                 |                 |
| Personal services.....  | \$ 55,053       | \$ 52,035       |
| Contractual services.....   | 8,030           | 7,932           |
| Travel.....   | 555             | 865             |
| Commodities.....  | 798             | 1,172           |
| Library books and equipment.....  | 1,842           | 2,146           |
| Operation of automotive equipment.....  | 115             | 108             |
| Telecommunications.....   | 314             | 353             |
| Awards, grants, and matching funds.....   | 2,936           | 1,762           |
| FICA/Medicare.....  | 538             | 501             |
| Permanent improvements.....   | 67              | 515             |
| Employment security.....  | 24              | 18              |
| Total Expenditures.....   | \$ 70,272       | \$ 67,407       |
| <b>EXCESS OF REVENUES OVER EXPENDITURES.....</b>  | <b>\$ 3,164</b> | <b>\$ 4,737</b> |
| <b>SUPPLEMENTAL INFORMATION (Unaudited)</b>   | <b>FY 2014</b>  | <b>FY 2013</b>  |
| <b>Employment Statistics</b>  |                 |                 |
| Faculty and Administrative.....   | 1,122           | 1,129           |
| Civil Service.....  | 790             | 808             |
| Student Employees.....  | 302             | 294             |
| Total Employees.....  | 2,214           | 2,231           |
| <b>Enrollment Statistics</b>  |                 |                 |
| Fall term enrollment - undergraduate.....   | 9,251           | 9,674           |
| Fall term enrollment - graduate.....  | 1,450           | 1,533           |
| Fall term enrollment - extension.....   | 1,006           | 998             |
| Total.....  | 11,707          | 12,205          |
| <b>Cost Per Student</b>   |                 |                 |
| Cost Per Full-Time Equivalent Student.....  | \$ 11,925       | \$ 11,374       |
| <b>AGENCY DIRECTOR</b>  |                 |                 |
| During Examination Period: Dr. Jack Thomas  |                 |                 |
| Currently: Dr. Jack Thomas  |                 |                 |

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **NONCOMPLIANCE WITH THE CAMPUS SECURITY ENHANCEMENT ACT**

The University did not fully comply with the Campus Security Enhancement Act of 2008 (Act) requirements in reporting arrest incidents and performance of pre-employment background checks.

**Background checks for security sensitive positions were performed 16-103 days after employment**

We noted discrepancies in the time and/or location of arrest for 14 of 25 (56%) arrest incidents reviewed in University reports compared to published crime reports. The University also did not have adequate policies and procedures to identify security sensitive positions and conduct pre-employment background checks. Background checks were performed 16-103 days after employment for 4 of 5 (80%) security sensitive positions tested. (Finding 4, pages 24-26). **This finding was first reported in 2012.**

We recommended the University adopt written policies and procedures to establish processes to identify security sensitive positions for all employee classifications and perform background checks in accordance with the Act. We further recommended the University implement internal controls to ensure they report complete and accurate information for arrest incidents published on the crime reports.

**University agrees with auditors**

University officials agreed with the finding and stated they will implement procedures to become compliant with regulation. Officials also stated additional training has occurred for staff completing crime reports. (*For the previous University response, see Digest footnote #1.*)

### **CONTRACTING NONCOMPLIANCE**

The University did not ensure contracts were complete, properly executed and filed as required by State law. Some of the exceptions we noted are as follows:

**Contracts filed with the Comptroller without top management approval**

- Three of 17 (18%) large contracts (over \$250,000) tested were filed with the Comptroller without top management approval.

**Contracts signed by personnel lacking formal authorization**

- Three of 53 (6%) contracts were signed by internally designated personnel without contract signature authorization filed with the Comptroller.

**Contracts missing required provisions**

- Six of 53 (11%) contracts did not include an appropriation contingency clause.
- Three of 53 (6%) contracts did not include a statement on whether a subcontractor would be used.

- Ten of 52 (19%) contracts did not include the provision on compliance with the Forced Labor Act. (Finding 5, pages 27-30) **This finding was first reported in 2010.**

We recommended the University establish appropriate procedures to ensure all contracts include required clauses and contract signature cards, contracts, and management approvals are properly completed, executed, and filed prior to the start of services.

**University agrees with auditors**

University officials agreed with the finding and stated a formal written checklist for each contract will be implemented to ensure compliance. (*For the previous University response, see Digest footnote #2.*)

**SUBSIDIES BETWEEN ACCOUNTING ENTITIES**

The University subsidized operations of University activities between accounting entities.

**Subsidies totaled \$1.7 million and \$1.5 million**

The University Stores and Service Centers accounting entity had negative cash balances at the beginning and the end of the fiscal year totaling \$1.5 million and \$1.6 million, respectively. A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. (Finding 6, pages 31-32) **This finding was first reported in 2012.**

We recommended the University annually review the activities of each accounting entity and ensure that fees charged for services are sufficient to cover expenditures and prevent subsidies.

**University agrees with auditors**

University officials agreed with the finding and responded they will review and modify existing procedures to monitor accounts and entities that do not have sufficient revenues to cover planned expenses. (*For the previous University response, see Digest footnote #3.*)

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next audit.

**AUDITOR'S OPINION**

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

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

#### **ACCOUNTANT'S OPINION**

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



WILLIAM G. HOLLAND  
Auditor General

WGH:LW

#### **SPECIAL ASSISTANT AUDITORS**

E.C. Ortiz & Co., LLP were our Special Assistant Auditors.

#### **DIGEST FOOTNOTES**

##### **#1 NONCOMPLIANCE WITH THE CAMPUS SECURITY ENHANCEMENT ACT - Previous University Response**

2013 - The University agrees with the finding. The University has implemented procedures to avoid omissions in the crime reports. The development of a policy for background checks for all post-offer candidates is in process.

##### **#2 CONTRACTING NONCOMPLIANCE - Previous University Response**

2013 - The University agrees with the finding. The University will institute written procedures for contracting to ensure compliance with the recommendations in the finding.

##### **#3 SUBSIDIES BETWEEN ACCOUNTING ENTITIES - Previous University Response**

2013 - The University agrees with the finding. The University plans to contract with an outside consultant for operations analysis of the entity.