

**REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 1993**

**COMPLIANCE AUDIT  
(In accordance with the Federal Single Audit Act  
of 1984 and OMB Circular A-133)  
FOR THE TWO YEARS ENDED JUNE 30, 1993**

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

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **NEED TO IMPROVE COLLECTION PROCEDURES FOR PARKING TICKET FINES**

The University's Public Safety Department does not employ all necessary means to enforce payment of parking ticket fines. As a result, parking ticket receivables have grown to \$1,034,719 at June 30, 1993. Of this total, \$1,012,903 is reserved for in the allowance for uncollectible accounts.

During our review of parking operations, we noted that the University has not been effectively utilizing several collection methods that are available to them. Those methods include restriction of student registration, withholding release of transcripts, application of the Denver Boot for repeat offenders, and the utilization of the state offset system. Based on our review, we noted the: 1) Student Hold Report for September, 1993 was not complete, 2) last Denver Boot was administered in May, 1992; and 3) University's Public Safety Department has not sent an offset report to the State Comptroller in the past three years.

Failure to employ basic collection procedures on outstanding parking fines increases the risk of possible loss of State funds. Below is an analysis of the activity related to parking fines for the two years ended June 30, 1993.

			<u>Collections</u>				
	<u>Fines Issued</u>	<u>Amount</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Amounts Waived</u>	<u>Receivable Balance</u>	<u>Reserve Balance</u>
Balance 6/30/91						\$ 558,670	\$ (535,225)
Fiscal year 1992	16,500	\$392,741	\$(75,422)	\$(25,016)	\$(62,650)	<u>229,653</u>	<u>(204,261)</u>
Balance 6/30/92						788,323	(739,486)
Fiscal year 1993	14,346	358,184	(37,554)	(20,628)	(53,606)	<u>246,396</u>	<u>(273,417)</u>
Balance 6/30/93						<u>1,034,719</u>	<u>(1,012,903)</u>

We recommended University officials utilize the collection means available to them on a timely basis in order to increase the collectibility of outstanding parking ticket fines. (Finding 8, pages 19 & 20)

University officials agreed with the finding and recommendation.

### **TUITION WAIVERS NOT STATUTORILY AUTHORIZED**

The University is granting various tuition waivers as compensation to individuals outside the University which circumvents the State appropriation process.

The University is granting tuition waivers to individual cooperating teachers who give undergraduate students the opportunity to student teach in their classrooms. These teachers may

either use these waivers to attend classes at the University or, on some occasions, may assign them to another individual at their school. The University has chosen to grant these waivers because it believes its only limitation on waivers is the overall 3% limitation stipulated by the State of Illinois Board of Higher Education.

The University has not identified the authority to grant tuition waivers to individuals outside the University. Such waivers granted to outside individuals totaled \$35,852 and \$30,299 in 1992 and 1993 respectively.

We recommended the University seek statutory clarification to specifically authorize the practice of granting tuition waivers if it wishes to continue awarding tuition waivers in exchange for student teaching post assignments. (Finding 9, page 21)

University officials agreed with our finding and stated, "However, we want to point out that all teaching programs must include supervised pre-student teaching clinical experiences equivalent to at least 100 clock hours. These experiences shall be completed at the applicable grade levels and in the area of specialization appropriate to the certificate that is being awarded. In our view, the arrangements currently in place provides an excellent and cost-effective way to meet the joint needs of the school districts and the University students and were contractual arrangement sought whereby payment would pass in connection with services that each side provides, the cost to the University would surely be much more than it currently is. Consequently, we hope that some way can be found to permit the Universities to continue this very worthwhile arrangement."

### **OTHER FINDINGS**

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

Mr. Peter Wollstein, Vice President of Administrative Affairs at Northeastern Illinois University, provided the University's responses.

### **AUDITORS' OPINION**

Our auditors state that the June 30, 1993 financial statements of Northeastern Illinois University are fairly presented.

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WILLIAM G. HOLLAND, Auditor General

WGH:BLB:jr

## **SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	9	15
Repeated Audit Findings	3	11
Prior recommendations implemented or not repeated	12	21

## **SPECIAL ASSISTANT AUDITORS**

Arthur Andersen & Co. were our special assistant auditors for this audit.

**NORTHEASTERN ILLINOIS UNIVERSITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**For The Two Years Ended June 30, 1993**

<b>FINANCIAL OPERATIONS (CURRENT FUNDS)</b>	<b>FY 1993</b>	<b>FY 1992</b>
<b>REVENUES</b>		
State Appropriations:		
General Revenue Fund	\$ 28,347,489	\$ 28,545,632
Education Assistance Fund	2,275,500	2,275,500
Student tuition and other fees	16,953,911	15,961,874
Grants (principally federal awards)	8,622,583	8,041,754
Commuter center sales and services	1,095,928	1,180,891
Parking revenue	553,264	633,241
Other sources	<u>1,190,013</u>	<u>1,128,208</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 59,038,688</u></b>	<b><u>\$ 57,767,100</u></b>
<b>EXPENDITURES AND TRANSFERS AMONG FUNDS</b>		
Educational and general:		
Instruction	\$ 21,398,881	\$ 21,440,586
Research	196,246	251,654
Public service	3,931,183	3,373,318
Academic support	4,743,030	4,694,660
Student services and programs	4,802,289	4,689,729
Institutional support	9,614,343	9,674,090
Operation and maintenance of plant	6,551,872	6,826,497
Scholarships and fellowships	<u>5,736,384</u>	<u>5,342,952</u>
Total educational and general expenditures	\$ 56,974,228	\$ 56,293,486
Auxiliary enterprises	<u>1,872,296</u>	<u>1,698,891</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 58,846,524</u></b>	<b><u>\$ 57,992,377</u></b>
<b>TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):</b>		
Required by bond indenture:		
Renewal and replacement reserve	\$ (50,000)	\$ (50,000)
Bond principal and interest	(203,815)	(202,253)
Required institutional share:		
For student loans	<u>(15,569)</u>	<u>(11,763)</u>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<b><u>\$(59,115,908)</u></b>	<b><u>\$(58,256,393)</u></b>
Non-mandatory transfers	<u>(207,114)</u>	<u>(307,779)</u>
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b><u>\$(59,323,022)</u></b>	<b><u>\$(58,564,172)</u></b>
Excess of transfers to revenues over restricted receipts	<u>46,990</u>	<u>53,261</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b><u>\$ (237,344)</u></b>	<b><u>\$ (743,811)</u></b>
<b>SELECTED ACCOUNT BALANCES (ALL FUNDS)</b>	<b>JUNE 30, 1993</b>	<b>JUNE 30, 1992</b>
Total Assets	\$ 94,410,148	\$ 90,976,609
Total Liabilities	16,622,142	15,402,523
Fund Balances:		
Restricted	4,410,427	4,064,360
Unrestricted	73,377,579	71,509,726
<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1993</b>	<b>FY 1992</b>
<b><u>Employment Statistics</u></b>		
Administration	206	214
Faculty	312	310
Civil Service	449	480
Students	<u>409</u>	<u>443</u>
Total Employees	<u>1,376</u>	<u>1,447</u>
<b><u>Selected Activity Measures</u></b>		
Annual full-time equivalent - Undergraduate	5,913	5,950
Annual full-time equivalent - Graduate	1,675	1,794
Full-time equivalent cost per student - Undergraduate	\$5,092	\$4,885
Full-time equivalent cost per student - Graduate	\$6,504	\$5,536
Classroom utilization - day	52.6%*	52.6%*
Classroom utilization - night	65.1%*	65.1%*
*Based upon the most recent study completed (Fiscal 1989). Classroom space utilization data for periods subsequent to Fiscal 1989 is not available.		
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period: Dr. Gordon Lamb		
Currently: Dr. Gordon Lamb		



