



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

William G. Holland, Auditor General

---

**SUMMARY REPORT DIGEST**

---

**EASTERN ILLINOIS UNIVERSITY**

**Financial Audit, Single Audit, and Compliance Examination  
For the Year Ended: June 30, 2011**

**Release Date: March 8, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>8</b>
<b>Total last audit:</b>	<b>5</b>
<b>Repeated from last audit:</b>	<b>4</b>

**SYNOPSIS**

- The University did not properly calculate current depreciation and improperly classified completed projects in the financial statements.
- The University did not ensure information submitted by students applying for financial aid was properly verified to ensure accurate information is reflected on the Institutional Student Information Report (ISIR).
- The University did not deposit receipts and refunds timely.
- The University did not have adequate internal controls to ensure new employees timely completed ethics training.

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

**EASTERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**For The Year Ended June 30, 2011**

STATEMENT OF NET ASSETS (in thousands)	2011	2010
<b>Assets</b>		
Cash and cash equivalents.....	\$ 41,602	\$ 67,500
Restricted cash and cash equivalents.....	2,364	2,938
Receivables.....	40,368	31,983
Capital assets, net.....	292,809	269,603
Other.....	6,336	5,865
Total.....	<u>\$383,479</u>	<u>\$377,889</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	\$ 16,650	\$ 19,737
Deferred revenues.....	3,940	3,855
Current portion of long-term liabilities.....	9,611	8,930
Long-term liabilities.....	140,264	147,406
Total.....	<u>\$ 170,465</u>	<u>\$ 179,928</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt.....	\$ 166,087	\$ 161,922
Restricted.....	4,976	6,034
Unrestricted.....	41,951	30,005
Total.....	<u>\$ 213,014</u>	<u>\$ 197,961</u>
REVENUES, EXPENSE AND CHANGES IN NET ASSETS (in thousands)	2011	2010
<b>Revenues</b>		
Tuition and fees, net.....	\$ 76,342	\$ 75,349
State appropriations.....	47,417	50,571
Auxiliary enterprises.....	44,953	46,249
Payments on behalf of the University.....	48,400	44,755
Federal, state, and private grants and gifts.....	27,532	25,831
Other.....	9,060	8,099
Total.....	<u>\$ 253,704</u>	<u>\$ 250,854</u>
<b>Expenses</b>		
Instruction.....	\$ 94,172	\$ 93,706
Auxilliary enterprises.....	33,661	35,717
Student services.....	20,872	19,322
Institutional support.....	20,078	18,943
Academic support.....	15,737	16,095
Depreciation.....	14,604	14,868
Operation and maintenance of plant.....	14,634	14,594
Other.....	24,893	22,980
Total.....	<u>\$ 238,651</u>	<u>\$ 236,225</u>
Change in net assets.....	\$ 15,053	\$ 14,629
EMPLOYMENT STATISTICS	FY 2011	FY 2010
Faculty and Administrative.....	962	961
Civil Service.....	797	798
Student Employees.....	249	249
Total Employees.....	<u>2,008</u>	<u>2,008</u>
ENROLLMENT STATISTICS (UNAUDITED)	FY 2011	FY 2010
Annual full-time equivalent students.....	9,800	10,152
COST PER STUDENT (UNAUDITED)	FY 2011	FY 2010
Cost per full time equivalent student.....	\$ 17,782	\$ 15,907
AGENCY DIRECTOR		
During Examination Period: Dr. William L. Perry		
Currently: Dr. William L. Perry		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NEED TO IMPROVE CAPITAL ASSET  
ACCOUNTING AND DEPRECIATION  
CALCULATIONS**

Eastern Illinois University (University) did not properly calculate current depreciation and improperly classified completed projects in the financial statements.

We noted the following:

**Depreciation expense understated  
by \$484,489**

- The University classified 56 asset items as building improvements, which were depreciated using the 50-year estimated useful life of a building instead of the 20-year estimated useful life for building improvements. As a result, current year depreciation expense was understated by \$484,489. The auditors proposed an adjusting entry to the University to correct this error, which the University recorded.

**Inaccurate building classification**

- The University accounted for a substantially completed residence hall window retrofitting project, totaling \$923,737, as construction in progress instead of a building improvement. The auditors proposed an adjusting entry to reclassify the project, which University recorded.

According to University personnel, the use of 50-year life for building improvements was due to difference in judgment and the misclassification of substantially completed project was due to oversight. (Finding 2, pages 20-21)

We recommended the University enhance internal controls over reporting and depreciating capital assets to ensure proper accounting for asset classifications and depreciation.

**University agrees with auditors**

University officials agreed with the finding, indicating they will implement controls to improve the reporting and depreciation accounting for capital assets.

## **NONCOMPLIANCE WITH VERIFICATION REQUIREMENTS**

The University did not ensure information submitted by students applying for financial aid was properly verified to ensure accurate information is reflected on the Institutional Student Information Report (ISIR).

### **ISIR information did not match verification documentation**

During verification testing, we noted information in the ISIR for two of 68 (3%) students tested did not match with the verification documentation provided by the students. As a result, one noted student's Expected Family Contribution (EFC) should have been reduced and the student's Pell award should have been increased by \$300. This was corrected by the University by increasing the student's Pell award in the subsequent academic year. The error for the other student did not ultimately affect the award amount.

### **Financial aid award was corrected**

According to University personnel, discrepancies in the information were due to human error. (Finding 3, pages 22-23)

We recommended the University enhance controls over student aid verification to ensure supporting documentation submitted by students agrees with information on the Institutional Student Information Report to minimize the risk of inaccurate awards of student financial aid.

### **University agrees with auditors**

University officials agreed with the finding, indicating they will establish procedures to double-check that the corrected information gets entered into the ISIR.

## **LATE DEPOSIT OF RECEIPTS AND REFUNDS**

The University did not deposit receipts and refunds timely.

### **Cash receipts deposited untimely**

During testing of receipts and refunds, we noted 26 of 80 (33%) receipts and refunds, totaling \$217,424, were deposited between two to 13 days after the checks were received by University personnel. We noted untimely deposits from several departments across campus, including the business office, Doudna Fine Arts Center, Panther catering, Panther camps, student catering, clinic services, parking facilities, and athletics.

According to University personnel, late deposits were due to procedural errors and other responsibilities taking priority at different University departments. (Finding 5, page 25)

We recommended the University investigate the reasons departments are not complying with receipt deposit rules and determine appropriate enforcement actions to ensure compliance with the University's policy.

**University agrees with auditors**

University officials stated they want deposits to be made timely and will work with the University's fiscal agents to improve compliance with the University's policy.

**NEED TO COMPLY WITH ETHICS TRAINING REQUIREMENTS**

The University did not have adequate internal controls to ensure new employees timely completed ethics training.

**64% of new hires tested completed mandatory ethics training late**

During testing, we noted 16 of 25 (64%) new hires tested completed ethics training from one to 56 days late. The State Officials and Employees Ethics Act requires new employees entering a position requiring annual ethics training complete an initial ethics training course within 30 days after commencing employment.

According to University personnel, the delay in completing ethics training was due to oversight and other job priorities taking precedence. (Finding 8, page 29)

We recommended the University's Ethics Officer monitor new employees to ensure ethics training mandated by State law is completed in a timely manner.

**University agrees with auditors**

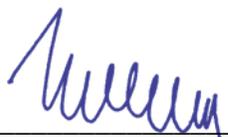
University officials agreed with the finding, noting they are implementing a system to track all new employees to ensure they timely complete required training.

## **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.

## **AUDITORS' OPINION**

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



---

WILLIAM G. HOLLAND  
Auditor General

WGH:djn:rt

## **SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors for this engagement were E.C. Ortiz & Co. LLP.