



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GOVERNORS STATE UNIVERSITY

Single Audit and Compliance Examination
 For the Year Ended June 30, 2015

Release Date: March 10, 2016

FINDINGS THIS AUDIT: 7				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2014		15-2, 15-6, 15-7	
Category 2:	2	5	7	2013		15-1	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2005		15-5	
TOTAL	2	5	7				
FINDINGS LAST AUDIT: 6							

INTRODUCTION

This digest covers our Single Audit and Compliance Examination of Governors State University for the year ended June 30, 2015. A separate Financial Audit as of and for the year ending June 30, 2015, was previously released on January 26, 2016.

SYNOPSIS

- (15-4) The University did not comply with the federal reporting requirement of a grant from the Veterans Benefits Administration.
- (15-6) The University needs to improve controls over verification of information included on a job applicant's resume or application prior to hiring.

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 information is summarized on next page.}

GOVERNORS STATE UNIVERSITY
SINGLE AUDIT AND STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2015

INCOME FUND REVENUES AND EXPENDITURES	2015	2014
Fund Balance, beginning of year.....	\$ 47,215,121	\$ 44,871,120
Income Fund Revenues		
Student Tuition and Fees.....	33,842,100	30,649,384
Investment Income.....	6,928	8,215
Miscellaneous.....	24,283	13,553
Total Income Fund Revenues.....	33,873,311	30,671,152
Income Fund Expenditures		
Personal Services.....	21,972,209	18,662,014
Medicare.....	756,144	617,311
Contractual Services.....	4,907,534	4,605,337
Travel.....	279,917	356,601
Commodities.....	593,201	580,219
Equipment and Permanent Improvements.....	605,435	584,455
Telecommunications Services.....	255,653	280,023
Operation of Automotive Equipment.....	63,820	54,424
Awards, Grants and Matching Funds.....	1,197,069	915,818
Tuition and Fee Waivers.....	1,813,001	1,670,949
Total Income Fund Expenditures.....	32,443,983	28,327,151
Fund Balance, end of year.....	\$ 48,644,449	\$ 47,215,121
SUPPLEMENTARY INFORMATION (UNAUDITED)	2015	2014
Employment Statistics		
Faculty and Staff (State Appropriated Funds).....	655.8	590.2
Faculty and Staff (Nonappropriated Funds).....	201.4	227.2
Students (State Appropriated Funds).....	13.4	5.5
Students (Nonappropriated Funds).....	27.6	49.5
Total Employees.....	898.2	872.4
Enrollment Statistics		
Headcount:		
Annual Full-time Equivalent Undergraduate Students.....	2,629	2,324
Annual Full-time Equivalent Graduate Students.....	1,745	1,742
Total Headcount.....	4,374	4,066
Institutional Cost per Student.....	\$ 6,587	\$ 6,749
Credit Hours - Academic Year.....	120,768	111,515
Degrees Awarded - Fiscal Year.....	1,496	1,621
PRESIDENT		
During Audit Period and Current: Dr. Elaine Maimon		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH FEDERAL REPORTING
REQUIREMENTS**

Governors State University (University) did not comply with the federal reporting requirement of a grant from the Veterans Benefits Administration of the U.S. Department of Veterans Affairs (VA).

During our detail testing of 25 students, we noted the following:

Instances of late or not reporting of enrollment status change to the VA

- Enrollment status change for a student was not reported to the VA within 30 days from the date change the occurred (53 days late).
- Enrollment status change for a student was not reported to the VA, which resulted in an overpayment to the student. The University subsequently reported the enrollment status change to the VA after being noted during the audit. (Finding 4, pages 24-25)

We recommended the University improve its procedures to ensure compliance with reporting requirements.

University agrees with auditors

University officials agreed with the finding and stated they have hired and trained staff to reduce the probability of this occurring in the future.

**NEED TO IMPROVE CONTROLS OVER
VERIFICATION OF JOB APPLICANT'S
INFORMATION**

The University did not have adequate controls over verification of information included on a job applicant's resume or application prior to hiring.

Files lacked required documentation

During our testing of the University's compliance with its policy and procedures for verification of information included on a job applicant's resume or application, we noted five of ten employee personnel files reviewed did not have the reference check form which is a required verification document. (Finding 6, pages 28-29)

We recommended the University evaluate its internal control process to ensure that policy and procedures are complied with.

University agrees with auditors

University officials agreed with the finding and stated that they have implemented procedures to ensure that all required documentation is forwarded to the Human Resources Department.

OTHER FINDINGS

The remaining findings are reportedly being given attention by University officials. We will review progress toward implementation of our recommendation in our next audit.

AUDITOR'S OPINION

The financial audit report was previously released. The auditors stated the financial statements of the Governors State University as of and for the year ended June 30, 2015, 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, 2015.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2015, 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.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JGR

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this engagement were E.C. Ortiz & Co., LLP.