



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS BOARD OF HIGHER EDUCATION**

**COMPLIANCE ATTESTATION EXAMINATION**

**For the Two Years Ended: June 30, 2013**

**Release Date: March 12, 2014**

**Summary of Findings:**

**Total this audit: 3**

**Total last audit: 2**

**Repeated from last audit: 1**

**SYNOPSIS**

- The Board failed to exercise adequate controls over the recording and reporting of State property.
- The Board did not exercise adequate controls over Agency Fee Imposition reporting.
- The Board needs to improve controls over personal services.

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

**ILLINOIS BOARD OF HIGHER EDUCATION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2013**

<b>EXPENDITURE STATISTICS</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Total Expenditures.....</b>	<b>\$ 32,545,753</b>	<b>\$ 64,438,249</b>	<b>\$ 14,854,638</b>
OPERATIONS TOTAL.....	\$ 3,725,174	\$ 3,044,317	\$ 5,404,359
% of Total Expenditures.....	11.4%	4.7%	36.4%
Personal Services.....	2,124,324	1,971,533	-
Other Payroll Costs (FICA, Retirement).....	29,815	26,317	-
All Other Operating Expenditures.....	1,571,035	1,046,467	5,404,359
AWARDS AND GRANTS.....	28,820,579	61,393,932	9,450,279
% of Total Expenditures.....	88.6%	95.3%	63.6%
<b>Total Receipts.....</b>	<b>\$ 4,454,632</b>	<b>\$ 78,859,500</b>	<b>\$ 39,657,842</b>
<b>Average Number of Employees.....</b>	<b>36</b>	<b>33</b>	<b>32</b>

<b>SELECTED ACTIVITY MEASURES (Not Examined)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Grant Allocations by Institution Type</b>			
Public Universities	\$ 2,642,800	\$ 2,536,400	\$ 4,707,700
Community Colleges	625,500	507,600	1,120,800
Independent Institutions	2,267,800	7,026,200	4,385,500
Proprietary Institutions	21,200	24,300	24,300
Other Institutions	-	-	1,905,000
<b>Total Grants</b>	<b>\$ 5,557,300</b>	<b>\$ 10,094,500</b>	<b>\$ 12,143,300</b>

<b>AGENCY DIRECTOR</b>		
During Examination Period:	Harry J. Berman	(11/12/12 - Present)
	Vacant	(11/1/12 - 11/11/12)
	G.W. Reid	(12/27/10 - 10/31/12)
Currently:	Harry J. Berman	

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**FAILURE TO EXERCISE ADEQUATE CONTROLS  
OVER THE RECORDING AND REPORTING OF  
STATE PROPERTY**

The Illinois Board of Higher Education (Board) did not exercise adequate controls over the recording and reporting of State property. Some of the conditions we noted follow:

**Physical location of items differed  
from Board's records**

- For 16 of 80 (20%) items tested, the items were located in the Board's possession; however, the physical locations differed from the locations specified in the Board's records.

**Property could not be located**

- The Board could not locate 2 of 40 (5%) items.

**Items not included in property  
records**

- Records for 2 of 40 (5%) items were not included in the Board's property records. (Finding 1, pages 9-10)

We recommended the Board strengthen internal controls over the recording and reporting of State property. Specifically, the Board should ensure all equipment transactions are accurately and timely recorded on its property records and accurately reported on the quarterly C-15s.

**Board agrees with auditors**

Board officials accepted our recommendation and indicated they have implemented new internal controls and made personnel changes to strengthen the recording and reporting of State property.

**INADEQUATE CONTROLS OVER AGENCY FEE  
IMPOSITION REPORTING**

The Board did not exercise adequate controls over its Agency Fee Imposition reporting. Some of the conditions we noted follow:

**Fees overstated by \$109,640**

- The Board did not properly report fees collected on its Fiscal Year 2013 Agency Fee Imposition Report (Report). The Board erroneously included fees totaling \$109,640 in its Fiscal Year 2013 Report. However, these fees were previously reported on the Board's Fiscal Year 2012 Report.

**Required information not  
included in Report**

- The Fiscal Year 2013 Report did not include all information as required, such as a list and description of fees imposed by the Board, the purpose of the fees, and the statutory or other authority for the imposition of fees. (Finding 2, pages 11-12)

We recommended the Board strengthen its controls over Agency Fee Imposition reporting by ensuring that reports are filed in a timely manner and also include all required information. In addition, the Board should carefully review its Agency Fee Imposition Reports to ensure all fees collected are accurately reported.

**Board agrees with auditors**

Board officials accepted our recommendation and indicated they have taken corrective action to prevent future reporting problems and delays.

**NEED TO IMPROVE CONTROLS OVER PERSONAL SERVICES**

**Evaluations not performed timely**

The Board did not perform and document employee performance evaluations as required. No evaluations were performed during the examination period for 3 of 5 (60%) employees tested. Two of these employees had not received a performance evaluation since Fiscal Year 2008, and one employee had never received an evaluation. (Finding 3, pages 13-14)

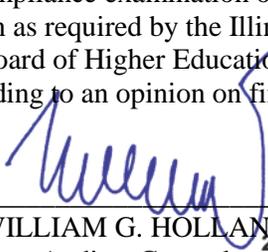
We recommended the Board conduct and document timely performance evaluations.

**Board agrees with auditors**

Board officials accepted our recommendation and indicated a new employee evaluation policy was implemented subsequent to the examination period.

**AUDITOR'S OPINION**

We conducted a compliance examination of the Illinois Board of Higher Education as required by the Illinois State Auditing Act. The Illinois Board of Higher Education has no funds that require an audit leading to an opinion on financial statements.

  
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WILLIAM G. HOLLAND  
Auditor General

WGH:CMD

**AUDITORS ASSIGNED**

The compliance examination was conducted by the Auditor General's staff.