



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE UNIVERSITY

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

Release Date: December 17, 2015

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2012		15-2	
Category 2:	1	2	3	2005		15-3	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	2	3				
FINDINGS LAST AUDIT: 5							

SYNOPSIS

- (15-2) The University failed to ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment.

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

{Financial information is summarized on next page.}

ILLINOIS STATE UNIVERSITY
FINANCIAL AUDIT, SINGLE AUDIT, AND STATE COMPLIANCE EXAMINATION
For The Year Ended June 30, 2015

STATEMENT OF NET POSITION (in thousands)	2015	2014
Assets and Deferred Outflows of Resources		
Cash and cash equivalents.....	\$ 48,550	\$ 39,825
Restricted cash and cash equivalents.....	6,982	7,497
Investments.....	214,999	198,430
Receivables.....	36,230	41,480
Capital assets, net.....	442,209	443,207
Other.....	6,450	6,801
Deferred Outflow of Resources.....	651	-
Total.....	756,071	737,240
Liabilities		
Accounts payable and accrued liabilities.....	18,862	20,151
Unearned revenues.....	11,356	10,240
Long-term liabilities.....	161,360	170,180
Other.....	7,651	9,114
Total.....	199,229	209,685
Net Position		
Net investment in capital assets.....	304,289	296,644
Restricted, expendable.....	9,545	9,539
Unrestricted.....	243,008	221,372
Total.....	\$ 556,842	\$ 527,555
REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
(in thousands)	2015	2014
Revenues		
Tuition and fees, net.....	\$ 191,621	\$ 180,469
State appropriations.....	72,227	74,089
Auxiliary enterprises.....	84,669	83,179
Payments on behalf of the University - State.....	136,086	127,237
Federal, State, and private grants and gifts.....	17,848	17,373
Other.....	79,865	77,885
Total.....	582,316	560,232
Expenses		
Instruction.....	117,812	113,309
Student services.....	42,768	38,758
Institutional support.....	37,007	35,453
Auxiliary enterprises.....	53,973	56,645
Student aid.....	52,130	47,116
Payments on behalf of the University - State.....	136,086	127,237
Other.....	113,881	131,642
Total.....	553,657	550,160
Cumulative effect of change in accounting principle.....	628	-
Change in net position.....	\$ 29,287	\$ 10,072
EMPLOYMENT STATISTICS (Unaudited)		
	2015	2014
Faculty and Administrative.....	2,161	1,949
Civil Service.....	1,401	1,155
Students.....	1,425	531
Miscellaneous Contractual.....	244	248
Total Employees.....	5,231	3,883
ENROLLMENT STATISTICS (Unaudited)		
	2015	2014
Cost per full-time equivalent student.....	\$ 12,695	\$ 12,595
Full-time equivalent students.....	18,650	18,297
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Larry Dietz		
Currently: Dr. Larry Dietz		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NEED TO IMPROVE COMPLIANCE WITH THE
UNIVERSITY FACULTY RESEARCH AND
CONSULTING ACT**

The University did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment.

During testing, the auditors noted the following:

Approvals not obtained prior to the start date of the outside employment

- 42 of 119 (35%) cases of outside employment had the Request for Approval of Secondary/Outside Employment Form approved by the University's Provost one to 74 days late.
- Eight of 119 (7%) cases of outside employment were not reported by the faculty member to the University for approval prior to filing the Annual Report of Secondary/Outside Employment Form with the University's Provost before the deadline of August 31, 2015.
- 22 of 119 (18%) cases of outside employment did not have the Annual Report of Secondary/Outside Employment Form submitted by the faculty member to the University's Provost by the deadline of August 31, 2015. (Finding 2, pages 20-21) **This finding has been repeated since 2012.**

Faculty members did not submit required reports

We recommended the University Provost implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose the time spent on these activities in accordance with State law and University policy.

University officials agree with the auditors

University officials agreed with the recommendation and stated they will continue to assess the process and implement modifications to improve compliance. *(For the previous University response, see Digest Footnote #1.)*

OTHER FINDINGS

The remaining findings pertain to noncompliance with the United States Code and the State Officials and Employees Ethics Act. These 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.

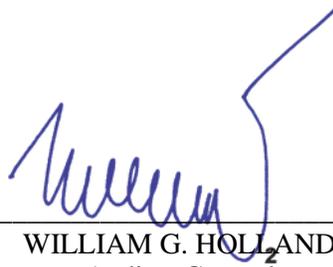
AUDITOR'S OPINIONS

The auditors stated the financial statements of the Illinois 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 accountants stated the University complied, in all material respects, with the requirements described in the report.



A handwritten signature in blue ink, appearing to read 'William G. Holland', is positioned above a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND
Auditor General

WGH:djn

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for the audits and examination were BKD, LLP.

DIGEST FOOTNOTES

#1 - Noncompliance with the University Faculty Research and Consulting Act - Previous University Response

2014: The University agrees with the recommendation and will continue its assessment of the faculty research and consulting approval process and implement modifications to ensure more timely approvals and annual disclosures of outside research, consulting, and employment activities.