



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

WESTERN ILLINOIS UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2015**

Release Date: January 14, 2016

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

INTRODUCTION

This digest covers the Western Illinois University Financial Audit as of and for the year ended June 30, 2015. Western Illinois University's Compliance Examination and Federal Single Audit covering the year ended June 30, 2015 will be issued in a separate report at a later date.

SYNOPSIS

- (15-1) The University had inadequate controls over its journal entries to ensure that journal entry transactions were appropriate, properly prepared, and timely approved.

- 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.

{Expenditures and Activity Measures are summarized on next page.}

WESTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2015

STATEMENT OF NET POSITION (In Thousands)	2015	2014
Assets		
Cash and cash equivalents.....	\$ 63,334	\$ 57,186
Accounts and student loans receivable, net.....	12,300	11,504
Due from primary government.....	9,044	13,915
Capital assets, net.....	261,654	270,221
Other.....	3,942	4,065
Total Assets.....	350,274	356,891
Deferred Outflow of Resources.....	821	548
Liabilities		
Accounts payable, accrued liabilities, accrued payroll.....	20,309	21,373
Compensated absences.....	12,217	12,547
Revenue bonds, certificates of participation.....	94,923	100,665
Other.....	6,923	6,902
Total Liabilities.....	134,372	141,487
Net Position		
Net investment in capital assets.....	166,917	169,897
Restricted.....	1,890	1,877
Unrestricted.....	47,916	44,178
Total Net Position.....	\$ 216,723	\$ 215,952

REVENUES, EXPENSES AND CHANGES IN NET POSITION (In Thousands)	2015	2014
Revenues		
State appropriations.....	\$ 140,768	\$ 156,474
Tuition and fees, net.....	75,644	70,658
Auxiliary enterprises.....	46,132	48,009
Grants and other contracts.....	43,544	42,093
Sales and services of educational departments.....	5,010	5,157
Other.....	5,914	5,771
Total Revenues.....	317,012	328,162
Expenses		
Instruction.....	63,987	63,852
Staff benefits.....	7,661	8,281
Auxilliary enterprises.....	40,503	40,560
Institutional support.....	14,404	13,811
Student services.....	22,345	23,698
Academic support.....	17,302	17,402
Operation and maintenance of plant.....	17,856	17,459
Student aid expense.....	12,255	9,008
On-behalf payments.....	81,503	77,331
Other.....	35,929	33,770
Total Expenses.....	313,745	305,172
Increase in net position.....	\$ 3,267	\$ 22,990

PRESIDENT
During Audit Period and Current: Dr. Jack Thomas

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER JOURNAL
ENTRIES**

The University had not established adequate controls over its journal entries. We noted the following:

No recurring journal entries, which totaled over \$413.9 million, were reviewed and approved

Non-routine journal entries, which fell under the threshold and totaled over \$9.6 million, were not reviewed

- Recurring journal entries were not reviewed and approved, and specific mitigating controls were not documented to support this policy.
- No monitoring procedures existed to periodically evaluate the recurring journal entry process and effectiveness of controls. Recurring journal entries totaled over \$413.9 million in FY 2015.
- 1,283 batches of journal entries totaling over \$9.6 million were not reviewed because they fell under the University's \$100,000 review threshold.
- Journal entries could be both prepared and posted by the same individual. (Finding 1, pages 53-55) **This finding was first reported in 2013.**

We recommended the University develop effective policies and procedures that will strengthen controls and establish monitoring procedures to ensure proper operation of the journal entry review and approval process.

University agrees with auditors

University officials agreed with the finding and stated policy now requires approval of all non-recurring entries and they will document, assess, and monitor internal controls for recurring entries. Management also stated they are reviewing options for a more automated system, which would preclude posting of entries in the absence of an approval. *(For the previous University response, see Digest Footnote #1.)*

AUDITOR'S OPINION

Our auditors stated the financial statements of Western Illinois University as of June 30, 2015 and for the year then ended, are fairly stated in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:lkw

SPECIAL ASSISTANT AUDITORS

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

DIGEST FOOTNOTES

#1 - Inadequate Controls Over Journal Entries - Previous University Response

The University agrees with the finding. The University will review its existing policy and procedures for processing, reviewing and approving journal entries. The University will also consider revisions to the policy that will strengthen controls.