



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**WESTERN ILLINOIS UNIVERSITY**

Single Audit and State Compliance Examination  
 For the Year Ended June 30, 2016

Release Date: March 29, 2017

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>
<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>	2014		16-2	
<b>Category 2:</b>	3	3	6	2012		16-6	
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>	2010		16-3	
<b>TOTAL</b>	<b>4</b>	<b>3</b>	<b>7</b>				
<b>FINDINGS LAST AUDIT: 8</b>							

**INTRODUCTION**

This digest covers our federal Single Audit and Compliance Examination of Western Illinois University (University) for the year ended June 30, 2016. A separate Financial Audit as of and for the year ending June 30, 2016, was previously released on February 2, 2017. In total, this report contains 7 findings, one of which was reported in the Financial Audit.

**SYNOPSIS**

- **(16-4)** The University did not remit excess funds from indirect costs, auxiliary enterprises, and accounting entities due to the Income Fund as required.
- **(16-6)** The University subsidized operations of University activities between accounting entities during Fiscal Year 2016.

**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**  
**COMPLIANCE EXAMINATION AND SINGLE AUDIT**  
**For the Year Ended June 30, 2016**

<b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Amounts in Thousands)</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>INCOME FUND REVENUES</b>		
Tuition.....	\$ 78,654	\$ 80,206
Fines and other student charges.....	2,208	1,913
Finance charges.....	461	494
Interest.....	31	69
Other.....	624	491
Total Revenues.....	81,978	83,173
<b>INCOME FUND EXPENDITURES</b>		
Personal services.....	84,330	56,383
Contractual services.....	9,035	7,774
Travel.....	342	674
Commodities.....	749	829
Library books and equipment.....	1,321	1,802
Operation of automotive equipment.....	173	99
Telecommunications.....	368	326
Awards, grants, and matching funds.....	5,948	4,850
Social Security/Medicare and group insurance.....	2,864	606
Permanent improvements.....	16	431
Tuition and fees waived.....	7,431	7,641
Employment security.....	50	32
Total Expenditures.....	112,627	81,447
<b>EXCESS OF REVENUES OVER EXPENDITURES.....</b>	<b>\$ (30,649)</b>	<b>\$ 1,726</b>
<b>SUPPLEMENTAL INFORMATION (Unaudited)</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Employment Statistics</b>		
Faculty and Administrative.....	1,074	1,119
Civil Service.....	711	775
Student Employees.....	266	286
Total Employees.....	2,051	2,180
<b>Enrollment Statistics</b>		
Fall term enrollment - undergraduate.....	8,432	8,980
Fall term enrollment - graduate.....	1,402	1,438
Fall term enrollment - extension.....	1,260	1,040
Total.....	11,094	11,458
<b>Cost Per Student</b>		
Cost Per Full-Time Equivalent Student.....	\$ 12,140	\$ 12,214
<b>AGENCY DIRECTOR</b>		
During Examination Period: Dr. Jack Thomas		
Currently: Dr. Jack Thomas		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NONCOMPLIANCE WITH UNIVERSITY  
GUIDELINES ON EXCESS FUNDS**

The University did not comply with the University Guidelines on remittance of excess funds.

**Excess funds were not remitted to  
the Income Fund**

Although the University calculated excess funds on indirect cost, auxiliary enterprises and accounting entities, they failed to remit amounts due to the Income Fund for the following funds (Finding 4, page 27):

Indirect Cost Fund	\$ 435,308
Public Service Fund	172,042
University Publication Fund	1,307
Unique Charge Fund	4,269
Total	<u>\$ 612,926</u>

We recommended the University continue to monitor the activities of each accounting entity and ensure compliance with all the requirements of the University Guidelines.

**University agrees with auditors**

University officials accepted our recommendation and stated they will continue to monitor the activities of each accounting entity and make a decision on remitting excess funds based on the University current resources affected by the State budget impasse.

**SUBSIDIES BETWEEN ACCOUNTING ENTITIES**

The University subsidized operations of University activities between accounting entities during Fiscal Year 2016. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research or service units.

**Subsidies totaled \$1.1 million at the  
end of Fiscal Year 2016**

The University Stores and Service Centers accounting entities had negative cash balances at the beginning and the end of the fiscal year totaling \$1.8 million and \$1.1 million, respectively

A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. The University Stores and Service Centers operate stores and maintenance service centers for all units of the University. As of June 30, 2016, this accounting entity had accounts receivable and inventories totaling \$1.0 million. (Finding 6, pages 30-31) This finding was first reported in 2012.

We recommended the University continue to annually review the activities of each accounting entity, ensure that fees charged for services are sufficient to cover expenditures, and take appropriate corrective actions to ensure subsidies between

accounting entities do not continue.

**University agrees with auditors**

University officials agreed with our finding and stated they will continue to monitor all accounting entities for negative trends and take corrective actions as necessary. *(For previous University response, see Digest Footnote #1.)*

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the Agency's progress towards the implementation of our recommendations in our next engagement.

**AUDITOR'S OPINION**

The financial audit report was previously released. The auditors stated the financial statements of Western Illinois University as of June 30, 2016, and for the year ended, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Agency's major federal programs for the year ended June 30, 2016.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of Western Illinois University for the year ended June 30, 2016, 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.

This Single Audit and State compliance examination were conducted by the firm of Adelfia LLC.

**SIGNED ORIGINAL ON FILE**

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BRUCE L. BULLARD  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:lkw

## **DIGEST FOOTNOTES**

### **#1 – Subsidies between Accounting Entities**

2015: The University agrees with the finding. The University effective September 1, 2015 restructured a service center to offload expenses and maintain a cash positive operation. The University will continue to monitor all accounting entities for negative trends and make adjustments as necessary.