
REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

(In accordance with the Single Audit
Act and OMB Circular A-133)

For the Year Ended:

June 30, 2009

Summary of Findings:

Total This Year

4

Total Last Year

8

Repeated From Last Year 2

Release Date:

March 11, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ The University did not have adequate controls over loan reporting. Specifically, the University did not report changes in enrollment status of students in the required time frame to the National Student Clearinghouse for Federal Students Loan Programs.
- ◆ The University misstated an amount on the Fiscal Operation Report and Application to Participate (FISAP) by \$468,000. Specifically, the amount on the FISAP report for the federal share of community service earned compensation did not trace to supporting documentation provided by the Student Financial Aid Office.

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

SOUTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2009

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	FY2009	FY2008
OPERATING REVENUES		
Student tuition and fees	\$218,099,378	\$207,141,669
Auxiliary enterprises	101,904,522	95,190,509
Grants and contracts.....	96,641,516	93,855,788
Sales and services of educational activities.....	64,074,603	60,638,746
Other	45,039,227	42,290,179
Total Operating Revenues	<u>\$525,759,246</u>	<u>\$499,116,891</u>
OPERATING EXPENSES		
Instruction	\$289,171,449	\$273,275,474
Research.....	59,664,796	58,343,488
Public services.....	59,803,014	60,083,154
Academic support.....	138,461,274	125,357,888
Student services.....	61,967,394	61,419,481
Institutional support.....	70,590,503	58,097,621
Operation and maintenance of plant	74,428,518	75,374,645
Scholarships and fellowships	26,323,067	24,241,476
Auxiliary enterprises	90,532,186	87,621,293
Depreciation	38,504,959	36,393,289
Other	394,405	570,824
Total Operating Expenses.....	<u>\$909,841,565</u>	<u>\$860,778,633</u>
Operating Loss.....	<u>(\$384,082,319)</u>	<u>(\$361,661,742)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations.....	\$230,231,259	\$227,184,099
Payments on behalf of the University.....	134,261,429	122,396,302
Other non-operating revenues (expenses), net.....	33,101,777	37,421,596
Net Non-operating Revenues	<u>\$397,594,465</u>	<u>\$387,001,997</u>
Income (Loss) Before Capital Contributions	<u>\$13,512,146</u>	<u>\$25,340,255</u>
Capital appropriations, additions to endowments and capital grants	\$6,291,033	\$14,771,583
INCREASE IN NET ASSETS.....	<u>\$19,803,179</u>	<u>\$40,111,838</u>
Net assets, beginning of the year.....	\$466,249,274	\$426,137,436
Net assets, end of the year.....	<u>\$486,052,453</u>	<u>\$466,249,274</u>
SELECTED ACCOUNT BALANCES		
	JUNE 30, 2009	JUNE 30, 2008
Cash and investments.....	\$239,191,370	\$258,508,434
Capital assets, net of accumulated depreciation.....	\$643,578,510	\$605,188,397
Total Assets.....	<u>\$1,006,342,959</u>	<u>\$938,404,694</u>
Revenue bonds, certificates of participation and capital lease obligations	\$332,121,327	\$290,316,366
Accrued compensated absences.....	\$50,103,042	\$47,967,312
Total Liabilities.....	<u>\$520,290,506</u>	<u>\$472,155,420</u>
Net assets.....	<u>\$486,052,453</u>	<u>\$466,249,274</u>
EMPLOYMENT STATISTICS (unaudited)		
	FALL 2008	FALL 2007
Carbondale	7,171	6,990
Edwardsville.....	2,928	2,838
Total Employees.....	<u>10,099</u>	<u>9,828</u>
ENROLLMENT STATISTICS (unaudited)		
	FALL 2008	FALL 2007
Carbondale (Full-time and Part-time students).....	20,673	20,983
Edwardsville (Full-time and Part-time students)	13,602	13,398
Total Enrollment.....	<u>34,275</u>	<u>34,381</u>
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Glenn Poshard		
Currently: Dr. Glenn Poshard		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

NEED TO IMPROVE CONTROLS OVER LOAN REPORTING

The University did not have adequate controls over loan reporting.

The Carbondale Campus did not report changes in enrollment status of students in the required timeframe to the National Student Clearinghouse (NSC) for federal student loan programs. Out of 33 enrollment status changes tested, 25 were not reported to the NSC. The NSC is Carbondale's enrollment reporting service.

The National Student Loan Data System (NSLDS) Enrollment Reporting Guide requires schools to confirm and report the enrollment status of students who receive Federal student loans. As with any school/servicer arrangement for the administration of Title IV programs, the school remains responsible for submitting timely, accurate, and complete enrollment reporting roster files and for maintaining proper documentation in accordance with Federal Regulation 34 CFR 682.610(c).

A student's enrollment status determines eligibility for deferment, grace periods, and repayments, as well as the Federal Government's payment of interest subsidies. Enrollment reporting is critical for effective administration of the Title IV student loan programs. (Finding 1, pages 12-13) **This finding was first reported in 2007.**

We recommended the University implement policies and procedures to prevent backdated withdrawals of students and ensure the timely and accurate reporting of information to the National Student Clearinghouse. We also recommended the campus reevaluate its controls for identifying the withdrawal and graduation dates for its students.

University officials accepted our recommendations. (For the previous University response, see Digest Footnote #1.)

Changes in enrollment status of students not reported timely

University agrees with auditors

NEED TO IMPROVE REPORTING TO THE FEDERAL GOVERNMENT

**FISAP report misstated by
\$468,000**

The University misstated an amount on the Fiscal Operation Report and Application to Participate (FISAP) by \$468,000.

The amount recorded on the FISAP for the Federal Share of community service earned compensation did not trace to supporting documentation provided by the Student Financial Aid Office. Additionally, this amount has been recorded incorrectly in three other locations. The amount recorded by the University was \$52,006 as opposed to \$520,006. The variance between these two amounts is \$468,000. Other variances were noted where the supporting documentation was less than the amount reported. The combined variance of these occurrences totaled \$6,526.

The FISAP report is misstated by \$468,000 on four separate line items of the report. Although the amount does not appear to distort any calculations or other figures within the report, the amount recorded did not appear to be questioned through an internal review or edit checks that are imbedded in the online application. Additionally, the amount does not affect any line items associated with financial aid funding. (Finding 2, pages 14-15)

We recommended that the FISAP report undergo an internal review performed by personnel familiar with the report where clerical errors could be discovered prior to submission. Such a review would involve comparing the report to supporting documentation.

**University agrees with
auditors**

University officials accepted our recommendations.

OTHER FINDINGS

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

AUDITORS' OPINION

Our auditors stated the financial statements of the University as of June 30, 2009 and for the year then ended are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

WGH:GSR:pp

SPECIAL ASSISTANT AUDITORS

Crowe Horwath LLP were our special assistant auditors for this audit.

DIGEST FOOTNOTE

#1 INADEQUATE CONTROLS OVER LOAN REPORTING – Previous University Response

University officials accepted the recommendation that the University implement policies and procedures to prevent backdated withdrawals of students and ensure the timely and accurate reporting of information to the National Student Clearinghouse.