STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY

Reports Required Under
Government Auditing Standards for

Southern Illinois University
Housing and Auxiliary Facilities System

and

Medical Facilities System

For the Year Ended June 30, 2014

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

CliftonLarsonAllen
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Southern Illinois University
Board of Trustees and
Officers of Administration
Fiscal Year 2014

BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY

Randal Thomas, Chair                  Springfield
Donna Manering, Vice Chair            Makanda
Don Lowery, Secretary                 Golconda
Jesse Cler                             Carbondale
Roger Herrin                           Harrisburg
Nick Mehner                            Edwardsville
Shirley Portwood                       Godfrey
Joel Sambursky                        Carbondale
Marquita Wiley                         Belleville

OFFICERS OF SOUTHERN ILLINOIS UNIVERSITY

Randy J. Dunn, President (Current)
Glenn Poshard, President (07/01/13 to 04/30/14)
Lucas Crater, Interim General Counsel
Paul Sarvela, Vice President, Academic Affairs
Duane Stucky, Senior Vice President, Financial and Administrative Affairs, and Board Treasurer
Misty Whittington, Executive Secretary of the Board

OFFICERS OF ADMINISTRATION, SOUTHERN ILLINOIS UNIVERSITY
CARBONDALE

Rita Cheng, Chancellor
John W. Nicklow, Provost and Vice Chancellor for Academic Affairs
J. Kevin Dorsey, Dean and Provost, School of Medicine
Kevin D. Bame, Vice Chancellor for Administration and Finance
James Salmo, Vice Chancellor for Development and Alumni Relations

OFFICERS OF ADMINISTRATION, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE

Julie Furst-Bowe, Chancellor
Ann M. Boyle, Interim Provost and Vice Chancellor for Academic Affairs
Narbeth Emmanuel, Vice Chancellor for Student Affairs
Kenneth Neher, Vice Chancellor for Administration
Rachel Stack, Vice Chancellor for University Advancement (Current)
Patrick Hundley, Vice Chancellor for University Relations (07/01/13 to 01/05/14)
Summary

The audit of the financial statements of Southern Illinois University (University), Southern Illinois University Housing and Auxiliary Facilities System (HAFS), and Southern Illinois University Medical Facilities System (MFS) was performed by CliftonLarsonAllen LLP in accordance with Government Auditing Standards. This report is an integral part of that audit.

Based on their audit and the reports of other auditors, the auditors expressed an unmodified opinion on the University’s basic financial statements. Based on their audits, the auditors expressed unmodified opinions on HAFS’s and MFS’s basic financial statements.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General, State of Illinois
and
Board of Trustees
Southern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Southern Illinois University and the aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Southern Illinois University’s basic financial statements, and have issued our report thereon dated December 22, 2014.

Our report includes a reference to other auditors. Other auditors audited the financial statements of Southern Illinois University’s discretely presented component units, as described in our report on Southern Illinois University’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale), was not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern Illinois University’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern Illinois University’s internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Illinois University’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southern Illinois University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Southern Illinois University’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Southern Illinois University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Peoria, Illinois
December 22, 2014
A. Finding: Misstatement of Accounts Receivable

Southern Illinois University (the University) did not establish an adequate process to review receivables to ensure all amounts recorded are in conformity with accounting principles generally accepted in the United States of America. In the prior year, the University’s method of accounting for unrecovered fringe benefits expense resulted in the Carbondale campus overstating receivables by $6.0 million. (Finding Code No. 2013-001)

Status: Not Repeated

During the current year engagement, our sample audit testing determined that the University adopted review procedures to ensure that receivables recorded are in conformity with accounting principles generally accepted in the United States of America.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General, State of Illinois
and
Board of Trustees
Southern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Southern Illinois University Housing and Auxiliary Facilities System (the “System”), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the System’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the System’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the System’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the System’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Peoria, Illinois
December 22, 2014
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General, State of Illinois
and
Board of Trustees
Southern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Southern Illinois University Medical Facilities System (the “System”), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control.

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CliftonLarsonAllen LLP

Peoria, Illinois
December 22, 2014