

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

**COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act
and Applicable Federal Regulations)
For the Year Ended June 30, 2018**

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

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
(IN ACCORDANCE WITH THE SINGLE AUDIT ACT AND
APPLICABLE FEDERAL REGULATIONS)
FOR THE YEAR ENDED JUNE 30, 2018

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Financial Statement Report:

The University’s financial statement report for the year ended June 30, 2018, which includes the Independent Auditor’s Report, Management’s Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, Supplementary Information, Other information, and the Independent Auditor’s 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* has been issued separately.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
(IN ACCORDANCE WITH THE SINGLE AUDIT ACT AND
APPLICABLE FEDERAL REGULATIONS)
FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2018**

AGENCY OFFICIALS

President

Dr. Elaine P. Maimon

Vice President for Administration and Finance

September 24, 2018 to present
September 11, 2017 to September 23, 2018 (Interim)
Through September 10, 2017

Dr. W. Paul Bylaska
Dr. W. Paul Bylaska
Ms. Kimberly Lambert-Thomas

General Counsel and Vice President

January 19, 2019 to present
January 2, 2018 to January 18, 2019
December 1, 2017 to January 1, 2018
Through November 30, 2017

Vacant
Ms. Sarah Luke
Vacant
Ms. Alexis Kennedy

Chief Internal Auditor

Mr. Kristoffer Evangelista, CPA

Associate Vice President for Finance

Ms. Villalyn Baluga, CPA

University offices are located at:

1 University Parkway
University Park, Illinois 60484

February 27, 2019

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Governors State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of Governors State University's compliance with the following assertions during the year ended June 30, 2018. Based on this evaluation, we assert that during the year ended June 30, 2018, Governors State University has materially complied with the assertions below.

- A. Governors State University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Governors State University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Governors State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by Governors State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by Governors State University on behalf of the State or held in trust by Governors State University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Governors State University

SIGNED ORIGINAL ON FILE

Dr. Elaine P. Maimon, President

SIGNED ORIGINAL ON FILE

Dr. Paul Bylaska, Vice President for Administration and Finance

SIGNED ORIGINAL ON FILE

Ms. Villalyn Baluga, Associate Vice President for Finance

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2018**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	19	19
Repeated findings	12	13
Prior recommendations implemented or not repeated	7	7

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	16	Inadequate Controls Over Undergraduate Student Type Classifications	Significant Deficiency
<i>FINDINGS (FEDERAL COMPLIANCE)</i>			
2018-002	18	Untimely Return of Title IV Funds	Significant Deficiency / Noncompliance
2018-003	20	Financial Aid Awarded to Ineligible Student	Significant Deficiency / Noncompliance
2018-004	22	Perkins Loan Disbursed after Period of Availability	Significant Deficiency / Noncompliance
2018-005	24	Ineffective Controls over Mental and Behavioral Health Education and Training Grants Expenditures	Significant Deficiency / Noncompliance
2018-006	26	Enrollment Reporting	Significant Deficiency / Noncompliance

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (FEDERAL COMPLIANCE)			
2018-007	28	Untimely Returning of Unnegotiated Title IV Funds	Significant Deficiency / Noncompliance
2018-008	30	Federal Perkins Loan Cohort Default Rate Too High	Significant Deficiency / Noncompliance
2018-009	32	Controls over Exclusion and Disqualification	Significant Deficiency / Noncompliance
2018-010	34	Failure to Meet Earmarking Requirements for Head Start Program	Significant Deficiency / Noncompliance
FINDINGS (STATE COMPLIANCE)			
2018-011	36	Child Abuse Reporter Training	Significant Deficiency / Noncompliance
2018-012	37	Noncompliance with the Campus Security Enhancement Act of 2008	Significant Deficiency / Noncompliance
2018-013	38	Noncompliance with the Illinois State Collection Act of 1986	Significant Deficiency / Noncompliance
2018-014	39	Subsidies between Accounting Entities	Significant Deficiency / Noncompliance
2018-015	40	Tuition and Fee Waivers Noncompliance	Significant Deficiency / Noncompliance
2018-016	41	Time Sheets Not Properly Maintained	Significant Deficiency / Noncompliance
2018-017	43	Noncompliance with Federal Reporting Requirements for Post-9/11 Veterans Educational Assistance Benefits	Significant Deficiency / Noncompliance
2018-018	44	Inadequate Controls Over Property and Equipment	Significant Deficiency / Noncompliance
2018-019	46	Computer Security Weaknesses	Significant Deficiency / Noncompliance

**STATE OF ILLINOIS
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FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (STATE COMPLIANCE)

In addition, the following finding which is reported as a current finding and questioned cost relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

2018-001	16	Inadequate Controls Over Undergraduate Student Type Classifications	Significant Deficiency / Noncompliance
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PRIOR FINDINGS NOT REPEATED

A	48	Failure to Report Additional Location to the Department of Education	
B	48	Federal Perkins Loan Conversion to Repayment	
C	48	Exit Counseling	
D	48	Noncompliance with Research and Development Cluster Reporting Requirements	
E	49	Unallowable Costs Recorded in Federal Perkins Loan Fund	
F	49	Inadequate Purchasing Card Procedures	
G	49	Inadequate Controls over Verification of Job Applicant's Information	

EXIT CONFERENCE

The University waived having an exit conference in a communication dated February 21, 2019 from the University's Associate Vice President for Finance, Ms. Villalyn Baluga.

The responses to the recommendations were provided by the University's Associate Vice President for Finance, Ms. Villalyn Baluga, in a communication dated February 26, 2019.

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Governors State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Governors State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2018. The management of Governors State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Governors State University's compliance based on our examination.

- A. Governors State University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Governors State University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. Governors State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by Governors State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by Governors State University on behalf of the State or held in trust by Governors State University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether Governors State University complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether Governors State University complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on Governors State University's compliance with specified requirements.

In our opinion, Governors State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, and 2018-011 through 2018-019.

Governors State University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. Governors State University's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our audit testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of Governors State University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered Governors State University's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Governors State University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the

requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001, and 2018-011 through 2018-019 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

Governors State University's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings and questioned costs. Governors State University's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Governors State University and its discretely presented component unit as of and for the year ended June 30, 2018, and have issued our report thereon dated January 10, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Governors State University's basic financial statements. Our report included reference to other auditors who audited the financial statements of Governors State University's discretely presented component unit and whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, was based solely on the report of the other auditors. We have not performed any procedures with respect to the audited financial statements subsequent to January 10, 2019. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 6 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Governors State University. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except as noted on Schedule 5, the accompanying supplementary

information for the year ended June 30, 2018 in Schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, Governors State University's basic financial statements as of and for the year ended June 30, 2017 and have issued our report thereon dated December 15, 2017, which contained unmodified opinions on the respective financial statements of the business-type activities of Governors State University and its discretely presented component unit. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 3, 4 and 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2017 financial statements. Except as noted on Schedule 5, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 3, 4 and 5 has been subjected to auditing procedures applied in the audit of the June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 3, 4 and 5 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Kankakee, IL

February 27, 2019 except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is January 10, 2019.

INDEPENDENT AUDITOR'S 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 Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Governors State 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 Governors State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Governors State University's basic financial statements, and have issued our report thereon dated January 10, 2019. Our report includes a reference to another auditor who audited the financial statements of the Governors State University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Governors State University's discretely presented component unit were 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 the Governors State 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governors State University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governors State 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2018-001 that we consider to be a significant deficiency.

Governors State University's Response to Finding

The Governors State University's response to the finding identified in our audit is described in the accompanying schedule of findings. The Governors State University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Governors State 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 results of that testing, and not to provide an opinion on the effectiveness of Governors State 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 Governors State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Kankakee, IL

January 10, 2019



Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Governors State University

Report on Compliance for Each Major Federal Program

We have audited Governors State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Governors State University's major federal programs for the year ended June 30, 2018. Governors State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The schedule of expenditures of federal awards and our audit described below does not include expenditures of federal awards for the entity determined to be a component unit of Governors State University for financial statement purposes.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Governors State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about Governors State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Governors State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Governors State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-010. Our opinion on each major federal program is not modified with respect to these matters.

Governors State University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Governors State University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Governors State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Governors State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Governors State University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-010 that we consider to be significant deficiencies.

Governors State University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Governors State University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of Governors State University and its discretely presented component unit as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Governors State University's basic financial statements. We issued our report thereon dated January 10, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of Governors State University's discretely presented component unit, as described in our report on Governors State University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 10, 2019. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIGNED ORIGINAL ON FILE

Kankakee, IL

February 27, 2019

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? X Yes No

Name of Federal Program or Cluster	CFDA Numbers
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Student Financial Assistance Cluster:

Federal Direct Student Loans	84.268
Federal Pell Grant Program	84.063
Federal Perkins Loan Program - Federal Capital Contributions	84.038
Federal Work-Study Program	84.033
Federal Supplemental Educational Opportunity Grants	84.007
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379
Nurse Faculty Loan Program (NFLP)	93.264
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925

Mental and Behavioral Health Education and Training Grant 93.732

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2018-001 FINDING: INADEQUATE CONTROLS OVER UNDERGRADUATE STUDENT TYPE CLASSIFICATIONS

Governors State University (University) has not established adequate internal controls over undergraduate student type classifications which are used to identify the appropriate tuition rates charged to students as required by the Governors State University Law (Law).

We tested the University’s internal controls over student tuition revenue for financial statement and compliance purposes. We tested 100 students who registered for classes for the Spring of 2018. Our testing identified 12 undergraduate students (12%) whose tuition rates charged were inaccurate due to inaccurate student type classifications entered in the student profile of the University’s ERP system. The student type classification is utilized by the University’s ERP system to determine the correct tuition rate based on tables entered into the system. We also noted 6 additional undergraduate students whose student type classifications were inaccurate, but it did not impact the tuition rate assessed due to timing and/or unchanged rates from the year prior. The financial error noted in our sample netted to \$1,584 and resulted in a projected error of \$211,905. The University has not adjusted its Fiscal Year 2018 financial statements to address this error.

The Law (110 ILCS 670/15-120) states for 4 continuous academic years following initial enrollment, the tuition charged an undergraduate student who is an Illinois resident shall not exceed the amount that the student was charged at the time he or she first enrolled at the University. After the 4 continuous academic years, if the student continues to qualify, the student will be charged a tuition rate based upon the tuition rate charged for new students in the academic year immediately following the year the student first enrolled in the University, for up to 2 additional continuous academic years.

The University Catalog also states “the tuition for undergraduate students who are Illinois residents is assessed at a per-credit-hour tuition rate during the term they first register and the same tuition rate will apply for each of the following eleven terms (fall, spring or summer). If the undergraduate student has not yet completed the undergraduate degree at Governors State University after the initial 12 consecutive terms then tuition will be assessed at the guaranteed rate of the year following the student’s initial enrollment. This new rate will then be assessed for a maximum of 6 consecutive terms (fall, spring, or summer).”

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain systems of internal financial and administrative controls which provide assurance that revenues, expenditures, and transfers of assets, resources of funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

University officials stated some student type classifications were incorrectly entered in student profiles of the University’s ERP system and some were improperly changed without appropriate review.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

**2018-001 FINDING: INADEQUATE CONTROLS OVER UNDERGRADUATE
STUDENT TYPE CLASSIFICATIONS (Continued)**

Failure to properly enter student type classifications in student profiles results in students being charged incorrect tuition rates and results in the University's noncompliance with the Law. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend the University improve its controls in order to ensure undergraduate student type classifications are properly entered (and maintained) in student profiles so tuition rates comply with the requirements of the Law. We further recommend the University verify the accuracy of the student type classification of each undergraduate student (correcting when necessary) and refund any tuition overcharges identified.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University performed a review of student type classifications for all undergraduate students enrolled during the Academic Year 2017-2018 and determined a net overbilling of \$10,891. The University will make the necessary corrections in the ERP system and will refund overcharges identified as necessary. In addition, the University had implemented a process to periodically review student type classifications in the ERP system to ensure undergraduate student type classifications are properly entered and maintained.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-002 FINDING: UNTIMELY RETURN OF TITLE IV FUNDS

Federal Department:	U.S. Department of Education
CFDA Numbers:	84.038; 84.033; 84.007; 84.063; 84.268; 84.379
Program Name:	Federal Perkins Loan Program – Federal Capital Contributions, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants, Federal Pell Grant Program, Federal Direct Student Loans, Teacher Education Assistance for College and Higher Education Grants
Cluster Name:	Student Financial Assistance Cluster
Questioned Cost:	\$3,297 Known (Projected: Undetermined)
Award Expenditures:	\$51,789,125

Governors State University (University) did not timely return funds to the Department of Education (ED) for an amount calculated in the return of Title IV (R2T4) calculation.

Our testing of R2T4 calculations and related refunds of 40 students who withdrew from the University identified a \$3,297 refund of an Unsubsidized Direct Loan which was required to be returned to the ED; however, the University failed to return these funds. After the auditors informed the University of the oversight, the refund was subsequently returned to the ED on January 29, 2019 (449 days late for the student who had withdrawn from the University on September 22, 2017). This sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 668.22 (j)(1)) requires the University to return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after the date of the institution’s determination that the student withdrew.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure Title IV Funds are returned to the ED in a timely manner.

University officials stated the appropriate funds were not returned to the ED due to human error/oversight. The R2T4 calculation was performed timely; however, the associated return of Title IV funds due to the ED was not carried out.

Failure to return funds to the ED on a timely basis may jeopardize future federal funding. (Finding Code No. 2018-002)

Recommendation

We recommend the University improve procedures to ensure required refunds are returned to the ED in a timely manner.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-002 FINDING: UNTIMELY RETURN OF TITLE IV FUNDS (Continued)

University Response

The University agrees with this finding and accepts the recommendation. The Return of Title IV funds related to the one student noted was calculated based upon an approval by the Office of the Dean of Students to grant the student an emergency leave request. The student's grades were administratively deleted in the system. The R2T4 was calculated correctly and in a timely manner but the transmittal of funds was not completed due to human error/oversight. We have begun the discussion and implementation of an inter-departmental systematic workflow for emergency leave requests to prevent these isolated events in the future.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-003 FINDING: FINANCIAL AID AWARDED TO INELIGIBLE STUDENT

Federal Department:	U.S. Department of Education
CFDA Number:	84.007
Program Name:	Federal Supplemental Educational Opportunity Grants
Cluster Name	Student Financial Assistance Cluster
Questioned Cost:	\$350 Known (Projected: Undetermined)
Award Expenditures:	\$208,087

Governors State University (University) awarded and disbursed Federal Supplemental Educational Opportunity Grant (FSEOG) funds to a student who was not eligible for the award.

During our Return of Title IV Funds testing of a sample of 40 students, we noted one student was awarded FSEOG and the funds, \$350, were disbursed to the student’s account on May 23, 2018. This student became ineligible to receive Title IV funds on October 16, 2017, (the date of their withdrawal). This sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 668.164(j)) states that an otherwise eligible student becomes ineligible to receive Title IV, HEA program funds on the date that the student is no longer enrolled at the institution for the award year.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that FSEOG awards are only disbursed to those students who are eligible.

University officials stated the student’s withdrawal and associated return of funds process were completed atypically via an administrative deletion (a manual process). Under the typical process, a student who withdraws is automatically added to a list of students who are not to receive any additional student aid. The University failed to manually add the student to the list thereby creating a situation in which the usual alerts were not raised when attempting to award FSEOG to the student.

Awarding aid to an ineligible student resulted in noncompliance with Federal regulations and Student Financial Assistance Cluster eligibility regulations. Such noncompliance may result in a loss of future Federal funding. (Finding Code No. 2018-003).

RECOMMENDATION

We recommend the University improve its controls to ensure each student meets the eligibility requirements prior to receiving aid.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-003 FINDING: FINANCIAL AID AWARDED TO INELIGIBLE STUDENT

(Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The Return of Title IV funds for the one student noted was calculated based upon an approval by the Office of the Dean of Students to grant the student an emergency leave request. The student's grades were administratively deleted in the system. The Associate Director of Financial Aid inadvertently forgot to add this student to the list of withdrawn students. This list is used to prevent changes to the student's financial aid such as awarding. This appears to be an isolated incident involving \$350. We have begun the discussion and implementation of an inter-departmental systematic workflow for emergency leave requests to prevent these isolated events in the future.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-004 FINDING: PERKINS LOAN DISBURSED AFTER PERIOD OF AVAILABILITY

Federal Department:	U.S. Department of Education
CFDA Number:	84.038
Program Name:	Federal Perkins Loan Program – Federal Capital Contributions
Cluster Name:	Student Financial Assistance Cluster
Questioned Cost:	\$741 Known
Program Expenditures:	\$4,203,829

Governors State University (University) did not comply with the disbursement regulations established by the Federal Perkins Loan Program Extension Act of 2015.

During our audit, we scanned a listing of student financial assistance disbursed to students during the fiscal year. We noted the University disbursed a Federal Perkins Loan in the amount of \$741 to an undergraduate student on November 17, 2017. We examined the student’s account and noted the student had not previously received any prior disbursements of a Federal Perkins Loan.

Public Law 114-105 (Federal Perkins Loan Program Extension Act of 2015) (Section 2 (b)(2)) states the University shall not make any additional loans after September 30, 2017. The Department of Education’s Dear Colleague Letter (Gen-16-05) states schools may not make Perkins Loans to any students on or after October 1, 2017; however, a subsequent disbursement of a loan for the 2017-2018 award year to an eligible undergraduate is allowed if the initial disbursement is after June 30, 2017 and before October 1, 2017.

University officials stated the student noted above was awarded the loan on June 15, 2017 for the 2016-2017 academic year; however, the student did not sign the related promissory note until several months later. The regulations specified by the Department of Education’s Dear Colleague Letter (Gen-16-05) were misinterpreted, with the University incorrectly believing the disbursement regulations did not apply to disbursements for prior academic years.

Noncompliance with the Federal Perkins Loan Program Extension Act of 2015 and the Department of Education’s related regulations may result in a loss of future Federal funding. (Finding Code No. 2018-004)

RECOMMENDATION

We recommend the University comply with the regulations applicable to its Student Financial Assistance Programs.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

**2018-004 FINDING: PERKINS LOAN DISBURSED AFTER PERIOD OF
AVAILABILITY** (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. As stated above, the 2016-2017 Perkins Loan was awarded prior to October 1, 2017. However, the student was unable to complete and sign the master promissory note until after said date. No corrective action plan is necessary since Federal Perkins Loans are no longer being awarded to students in accordance with federal regulations.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-005 FINDING: INEFFECTIVE CONTROLS OVER MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS EXPENDITURES

Federal Department:	U.S. Department of Health and Human Services
CFDA Numbers:	93.732
Program Name:	Mental and Behavioral Health Education and Training Grants
Award Number:	1M01HP31301-01-00
Questioned Cost:	Known \$245 (including indirect costs of \$18) (Projected \$1,107 calculated as follows: \$245 (error in sample including \$18 of indirect costs) / \$66,138 (sample size) X \$298,714 (total program expenditures))
Program Expenditures:	\$298,714

Governors State University’s (University) internal controls over the compliance requirements of allowable costs/cost principles and cash management applicable to its Mental and Behavioral Health Education and Training Grants were ineffective.

We tested internal controls and compliance relative to 39 expenditures totaling \$66,138 (which included 13 journal entries) and noted the following:

- One expenditure (\$20) was for the purchase of food from the University cafeteria. Food is not specified as being an allowable expenditure according to the terms of the award’s budget narrative.
- 12 of the expenditures (\$1,902) were journal entries which did not include any documentation of the review and approval by an appropriate supervisor or of the supporting calculation of the journal entries. Three of these expenditures (\$925) were chargebacks for health, dental, and life insurance benefits for employees paid from the award. We noted certain charges were duplicated on the insurance calculation spreadsheet which resulted in the award being over charged by \$207.

For cash management, we tested 2 of 3 cash draw requests for the program and noted one (50%) request did not include any documentation of supervisory approval. The sample was not intended to be, and was not, a statistically valid sample.

The Uniform Guidance states the following:

- (2 CFR 200.302b) The nonfederal entity must provide a financial management system which provides for effective control over and accountability for all funds. The nonfederal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-005 FINDING: INEFFECTIVE CONTROLS OVER MENTAL AND BEHAVIORAL HEALTH EDUCATION AND TRAINING GRANTS EXPENDITURES
(Continued)

- (2 CFR 200.308(a)) The approved budget for the Federal award summarizes the financial aspects of the program as approved during the Federal award process.
- (2 CFR 200.303) Nonfederal entities receiving Federal awards must establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include documentation of approvals of journal entries and cash draw requests.

The University's stated cash management procedures require a spreadsheet summarizing expenditures made and cash received to be prepared and retained to substantiate the cash request. A receivable is then entered into the University's accounting system and is to be reviewed and approved by the Director of Sponsored Programs and Research, the Program Director, or the Associate Vice President of Finance.

University officials stated the conditions noted above were due to controls not being consistently followed because of staffing constraints.

Failure to maintain effective internal controls over Federal compliance requirements may result in disallowed program costs and may jeopardize future funding. Failure to have documents properly reviewed may result in inaccurate charges to award programs or cash draw requests. (Finding Code No. 2018-005)

RECOMMENDATION

We recommend the University improve its controls to ensure the University complies with the requirements of the Federally funded program and ensure all calculations and documents are appropriately reviewed prior to execution.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will strengthen its existing policies and procedures in place to educate and inform principal investigators of allowable costs on grants and to review their budgets with them and the costs charged to the grant. The \$20 exception noted has been corrected by the University. Effective immediately, the University will establish monitoring procedures to ensure all calculations and documents are reviewed and approved appropriately and timely.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-006 FINDING: ENROLLMENT REPORTING

Federal Department:	U.S. Department of Education
CFDA Number:	84.038, 84.063, 84.268
Program Name:	Federal Perkins Loan Program – Federal Capital Contributions, Federal Pell Grant Program, Federal Direct Student Loans
Cluster Name:	Student Financial Assistance Cluster
Questioned Cost:	None
Program Expenditures:	\$51,148,136

Governors State University (University) did not accurately and timely report student enrollment information to the U.S. Department of Education’s National Student Loan Data System (NSLDS).

During our audit, we tested 25 students who experienced a change in enrollment status during the fiscal year. Our testing identified the following:

- Four students (16%) tested had a change in enrollment status (graduated) which was not reported to the NSLDS within 60 days (submissions ranged from 4 to 10 days late).
- One student (4%) tested had a change in enrollment status (graduated) which was not reported accurately to the NSLDS (student was erringly reported as withdrawn).

The Code of Federal Regulations (34 CFR 685.309) requires the University, upon the receipt of an enrollment report from the Secretary, to update all information included in the report and return the report to the Secretary within the timeframe prescribed by the Secretary. It further requires the University to report enrollment changes within 30 days unless a roster file is expected within 60 days, in which case the enrollment data may be updated on that roster file.

University officials stated the Registrar’s office experienced short-staffing issues during the fiscal year, which prevented certain enrollment roster files from being submitted on a timely basis. For the student whose enrollment status was erringly reflecting a withdrawn status, the student’s electronic record lacked a pertinent field which disallowed the University from updating the record accurately.

Enrollment reporting in a timely and accurate manner is critical for effective management of the student financial aid programs. Noncompliance with enrollment reporting regulations may result in a loss of future Federal funding. (Finding Code No. 2018-006)

RECOMMENDATION

We recommend the University improve its procedures to ensure timely and accurate reporting of students to the NSLDS.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-006 FINDING: ENROLLMENT REPORTING (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The Registrar's Office has started to cross-train staff in the processing of students for graduation. In addition, the Registrar's Office has begun to submit the graduates file to the National Student Clearinghouse more regularly during processing to ensure timely reporting to NSLDS.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-007 FINDING: **UNTIMELY RETURNING OF UNNEGOTIATED TITLE IV FUNDS**

Federal Department:	U.S. Department of Education
CFDA Numbers:	84.268, 84.063
Program Name:	Federal Direct Student Loans, Federal Pell Grant Program
Cluster Name:	Student Financial Assistance Cluster
Questioned Cost:	None
Program Expenditures:	\$46,944,307

Governors State University (University) did not return unnegotiated Title IV Funds to the Department of Education (ED) in a timely manner.

We selected two months during the University’s fiscal year and tested the University’s internal controls and compliance over the return of unnegotiated Title IV awards to students that resulted in refunds issued to the students. We noted six unnegotiated checks for Title IV refunds which had been issued by the University and remained uncashed and unreturned to the ED for more than 240 days after the checks were initially issued. Specifically, five checks totaling \$2,410 and one check totaling \$148 were issued on February 7, 2017, and February 9, 2017, respectively. The Title IV funds related to the checks issued on February 7th were not returned to the ED until January 4, 2018 (331 days after issuance and 91 days late). The Title IV funds related to the check issued on February 9th was not returned to the ED until April 27, 2018 (442 days after issuance and 202 days late).

The Code of Federal Regulations (34 CFR 668.164(1)(3)) states “If a check sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.”

University officials stated the University has existing procedures in place to ensure timely reporting of unnegotiated Title IV funds; however, vacancy in the position performing this task presented challenges for the University to report timely.

Failure to return unnegotiated Title IV Funds to the ED timely may cause students to pay unnecessary interest costs and could jeopardize the University’s future Federal funding. (Finding Code No. 2018-007)

RECOMMENDATION

We recommend the University improve its procedures to ensure unnegotiated Title IV Funds are returned to the ED within the required time period.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-007 FINDING: UNTIMELY RETURNING OF UNNEGOTIATED TITLE IV FUNDS (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has already filled the vacancy and the monitoring and reporting of unnegotiated Title IV funds is now being performed timely.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-008 FINDING: FEDERAL PERKINS LOAN COHORT DEFAULT RATE TOO HIGH

Federal Department:	U.S. Department of Education
CFDA Numbers:	84.038
Program Name:	Federal Perkins Loan Program – Federal Capital Contributions
Cluster Name:	Student Financial Assistance Cluster
Questioned Cost:	None
Program Expenditures:	\$4,203,829

Governors State University’s (University) Federal Perkins loan cohort default rate is in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

The Federal Perkins Loan cohort default rate as of June 30, 2018 (for borrowers who entered repayment during Fiscal Year 2016) was 28.44%, which exceeded the 15% threshold.

The Code of Federal Regulations (34 CFR 668.16) states “To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution – ... (m)(1) Has a cohort default rate - (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent.”

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

University officials stated economic conditions continue to present challenges for University students in loan repayment status.

Failure to maintain a cohort default rate below 15% could jeopardize the University’s future Federal funding. (Finding Code No. 2018-008, 2017-003, 2016-006)

RECOMMENDATION

We recommend the University ensure its cohort default rate is not in excess of the threshold for administrative capabilities stipulated by the U.S. Department of Education.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-008 FINDING: FEDERAL PERKINS LOAN COHORT DEFAULT RATE TOO HIGH (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University continues to explore options to reduce the default rate and continues to increase collection efforts internally and through an external collection agency.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-009 FINDING: CONTROLS OVER EXCLUSION AND DISQUALIFICATION

Federal Department:	U.S. Department of Education
CFDA Numbers:	84.031A
Program Name:	Higher Education - Institutional Aid
Cluster Name:	Research and Development Cluster
Award Number:	P31A150122
Questioned Cost:	None
Program Expenditures:	\$383,829

Governors State University (University) did not adhere to their internal control procedures to ensure vendors had not been excluded or disqualified from participating in contracts funded by Federal awards.

We obtained an understanding of the University’s internal controls over compliance applicable to exclusion or disqualification from participating in contracts funded by Federal awards. The University’s procurement procedures require the procurement office to check the System for Award Management (SAM) to ensure the vendor was not excluded or disqualified, and either affix a stamp or print out the documentation from the SAM to the purchase requisition to indicate the vendor was not listed as excluded or disqualified on the SAM. We noted there was no stamp or documentation affixed to the requisition indicating the procedure had operated as described by the University on one of the two procurement transactions of the Research and Development Cluster, totaling \$29,700. We examined the SAM and determined the vendor in this transaction was not included on the list.

The Code of Federal Regulations (2 CFR 180.300) requires the University to perform additional procedures to ensure parties with whom the University contracts are not excluded or disqualified prior to entering into a covered transaction. Those procedures include:

- Checking the SAM Exclusions; or
- Collecting a certification form from that person; or
- Adding a clause or condition to the covered transaction with that person.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include documentation evidencing the procedures to ensure vendors are not excluded or disqualified from participating in a Federally funded contract were performed.

University officials stated when confirming exclusion or disqualification of the vendor in the SAM, the procurement staff failed to either stamp the requisition with “not found on disbarred vendors list” or print out documentation from the SAM to document the verification was performed.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-009 FINDING: CONTROLS OVER EXCLUSION AND DISQUALIFICATION
(Continued)

Failure to document the procedures performed to ensure vendors are not excluded or disqualified, increases the risk the University may be conducting business with an unauthorized vendor. The Federal Agency may disallow costs related to this vendor, debar or suspend the University, or annul or terminate the transaction. (Finding Code No. 2018-009, 2017-008)

RECOMMENDATION

We recommend the University improve the documentation of its controls to ensure each vendor engaged in a covered transaction is not excluded or disqualified from Federal award programs.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Effective immediately, the University will strengthen its review and monitoring procedures to ensure documentation is affixed to purchase requisitions supporting that the vendor verification was performed.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-010 FINDING: FAILURE TO MEET EARMARKING REQUIREMENTS FOR HEAD START PROGRAM

Federal Department: U.S. Department of Health and Human Services
CFDA Numbers: 93.600
Program Name: Head Start
Award Numbers: 05CH8457-03 & 05CH8457-04
Questioned Cost: None
Program Expenditures: \$906,087

Governors State University (University) did not meet the funded enrollment requirement for its Head Start Program.

The University is a recipient of a grant from the Administration for Children and Families of the U.S. Department of Health and Human Services (DHHS). In accordance with the grant agreement with the DHHS, the University has a funded enrollment requirement of 72 individuals. In our detailed testing of the monthly enrollment report for Fiscal Year 2018, we noted the University did not meet the funded enrollment requirement for 7 months (1 to 4 individuals under-enrolled).

The Head Start Act (Act) (42 USC 9837(g)) requires each Head Start agency to enroll 100% of its funded enrollment and maintain an active waiting list at all times with ongoing outreach to the community and activities to identify underserved populations. The Act (42 USC 9836a(h)(2)(A)) further requires each entity carrying out a Head Start program shall report on a monthly basis to the Secretary (DHHS) and the relevant Head Start agency the actual enrollment in such program. As defined by the Act (42 USC 9836a(h)(1)(A)), actual enrollment means, with respect to the program of a Head Start agency, the actual number of children enrolled in such program and reported by the agency in a given month.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure earmarking requirements are met.

University officials stated failure to meet the enrollment requirement for the program is due to unanticipated losses of enrolled families in the program and the difficulty to quickly enroll another eligible family.

Failure to meet the funded enrollment of its Head Start program resulted in noncompliance with the Federal program earmarking requirement. Additionally, the awarding agency may recapture, withhold, or reduce the base grant for the program. (Finding Code No. 2018-010, 2017-004, 2016-007, 2015-002, 2014-003)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – FEDERAL COMPLIANCE

2018-010 FINDING: FAILURE TO MEET EARMARKING REQUIREMENTS FOR HEAD START PROGRAM (Continued)

RECOMMENDATION

We recommend the University improve its recruitment procedures to ensure compliance with the funded enrollment requirement of its Head Start program.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University's Early Head Start program has struggled to maintain enrollment despite increased efforts and this has been noted by the Regional Office of Head Start (Regional Office). In January 2019, the University was notified by the Regional Office that it is required to complete a plan within the next 30 days to address under-enrollment. The University will develop the plan which will include increased recruitment strategies and a possible change in program options to be offered. The University has also requested technical assistance from the Regional Office to develop and implement the plan. The Regional Office has granted the University 12 months, from February 1, 2019, to eliminate or reduce under-enrollment.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-011 FINDING: CHILD ABUSE REPORTER TRAINING

Governors State University (University) did not comply with the Abused and Neglected Child Reporting Act (Act) requiring training of those personnel required to report child abuse.

Our testing of 35 employees identified 9 (26%) employees did not receive the required reporter training within one year of initial employment.

The Act (325 ILCS 5/4) requires personnel of institutions of higher education having reasonable cause to believe a child known to them in their professional or official capacity may be an abused or neglected child to immediately report or cause a report to be made to the Department of Children and Family Services. The Act further requires University personnel to undergo reporter training within one year of initial employment and at least every 5 years thereafter. This training must be completed by a provider or agency with expertise in recognizing and reporting child abuse. The training requirement became effective on July 1, 2014 with Public Act 098-0408.

University officials stated the noncompliance was primarily due to a lack of staffing in the University's Human Resource Department.

Failure to provide child abuse reporter training is a violation of the Act and could potentially leave children at risk of abuse. (Finding Code No. 2018-011, 2017-010, 2016-012)

RECOMMENDATION

We recommend the University comply with the requirements of the Act and ensure all employees receive the proper training within the required timeframe.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has updated its practices and will initiate a campus wide training in Spring 2019 to be in compliance with the mandate.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-012 FINDING: NONCOMPLIANCE WITH THE CAMPUS SECURITY ENHANCEMENT ACT OF 2008

Governors State University (University) did not comply with the Campus Security Enhancement Act of 2008 (Act).

The University did not obtain criminal background investigations prior to employing individuals for security-sensitive positions. We obtained a listing of positions the University identified as security-sensitive positions and selected 25 employees from such positions for testing. Our testing identified 20 employees (80%) (including 2 employees hired in Fiscal Years 2016 or 2017) were hired for security sensitive positions without any evidence the criminal background investigations were ever obtained.

The Act (110 ILCS 12/5) requires each public institution of higher education, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.

University officials stated the University has not yet performed criminal background checks on most employees who were hired before the current employment practices were put in place (2016) due to budget constraints.

Failure to obtain the required criminal background investigations prior to the employment of individuals in security-sensitive positions results in noncompliance with the Act and may result in the University allowing access to security-sensitive information to individuals who should not be entrusted with such access. (Finding Code No. 2018-012, 2017-011, 2016-013)

RECOMMENDATION

We recommend the University comply with the requirements of the Act by:

- obtaining criminal background investigations prior to hiring employees for security-sensitive positions; and
- obtaining criminal background investigations for all employees in security-sensitive positions for which a prior background investigation was not obtained.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will continue to explore viable options to be in compliance with this mandate. However, the University will face a delay in implementation due to staffing and budget constraints.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-013 FINDING: NONCOMPLIANCE WITH THE ILLINOIS STATE COLLECTION ACT OF 1986

Governors State University (University) did not comply with the requirements of the Illinois State Collection Act of 1986 (Act).

As of December 31, 2017, the University's accounts receivable aging report included 2,119 accounts totaling \$6,920,642 with receivable balances greater than \$1,000 and in excess of 90 days past due. We tested a sample of 30 such accounts (totaling \$113,125) and determined 5 (17%) of those accounts (totaling \$12,890) had not been submitted by the University for placement with the Comptroller's Offset System. We also noted 2 (7%) accounts (totaling \$12,227) of foreign students which had also not been placed with the Comptroller's Offset System.

The Act (30 ILCS 210/5(c-1)) requires the University to place in the Comptroller's Offset System debts owed to the University that exceed \$1,000 and are more than 90 days past due.

University officials stated staffing constraints have presented challenges for the University to catch up with the reporting of previous backlogs and have hindered keeping current with new past due accounts. Officials further stated the Comptroller's Offset System will not accept accounts of foreign students who lack a social security number.

Failure to comply with the Act may result in the University not collecting all receivables that are due to the University. (Finding Code No. 2018-013, 2017-014, 2016-014)

RECOMMENDATION

We recommend the University improve its procedures to ensure all debts owed to the University are placed in the Comptroller's Offset System once they exceed \$1,000 and are 90 days past due. We further recommend the University work with the Comptroller to develop a solution to reporting foreign students who do not have a social security number.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. As of the date of this report, the University is current in its placement of past due accounts with the State Comptroller's Offset System. Before the end of Spring 2019, the University will establish monitoring procedures to ensure compliance with the Act. In addition, the University has been in coordination with the Office of the State Comptroller to develop a solution that will allow reporting of past due accounts for foreign students who do not have a social security number.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-014 FINDING: SUBSIDIES BETWEEN ACCOUNTING ENTITIES

Governors State University (University) subsidized the operation of University activities between accounting entities during the fiscal year. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research, or service units.

During our testing of the University Guidelines, we noted the “University Service Departments” (an accounting entity) had a negative cash balance at the beginning of the fiscal year of \$201,915 and the end of the fiscal year of \$38,591. A negative cash balance is in effect an unbooked interfund payable/receivable, thereby causing a subsidy between entities to occur.

The University Guidelines (Chapter III, Section D, Part 1) states “there shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year.”

University officials stated that due to tough economic conditions, the University needed to subsidize this entity in order to continue to provide the services to the community and University departments.

Subsidies between accounting entities result in other accounting entities incurring unrelated cost to fund the operation of entities with negative cash balances and is a violation of the University Guidelines. (Finding Code No. 2018-014, 2017-015)

RECOMMENDATION

We recommend the University review the activities of the accounting entities and ensure fees charged for services are sufficient to cover expenditures and ensure subsidies between accounting entities do not occur.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Review of the entity’s activities, charge back processes and pricing levels on the University Service Departments are underway and the necessary action to address this issue should be in place before the end of Fiscal Year 2019.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-015 FINDING: TUITION AND FEE WAIVERS NONCOMPLIANCE

Governors State University (University) did not comply with the requirements related to tuition and fee waivers.

During our testing, we noted the University did not have on file signed agreements from students that received the Athletics waiver. We obtained a listing of students who received tuition waivers and selected 10 students from the waiver programs that require the student to perform a service for testing. The University was unable to provide written waiver agreements for 3 of the 10 students.

The Illinois Administrative Code (Code) (23 Ill. Admin. Code 1075.600(d)) requires each public university to adopt written procedures that provide the requirements for waiver agreements between students and the university. Each student who receives a waiver in which the student is required to perform services, must sign an agreement at the time of appointment which delineates the conditions of that service. The Code further requires these agreements to include the level of waiver support the public university will provide to the student.

University officials stated the condition noted above was due to inadequate controls over record-keeping procedures within the Athletics office.

Failure to comply with appropriate tuition and fee waiver requirements is a violation of the Code. In addition, not having proper controls in place exposes the University to lost tuition revenue to unauthorized or ineligible individuals. (Finding Code No. 2018-015, 2017-016, 2016-018)

RECOMMENDATION

We recommend the University improve its controls to ensure required written waiver agreements are obtained and retained.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. To ensure the proper filing of such agreement letters, a process has been implemented to monitor athlete documentation. This entails a checklist and a centralized filing system within the Athletics office. This process will be monitored by the Director of Athletics and the Athletic Compliance Coordinator to ensure compliance.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-016 FINDING: TIME SHEETS NOT PROPERLY MAINTAINED

Governors State University (University) is not maintaining time sheets for its faculty members and advisors in compliance with the State Officials and Employees Ethics Act (Act).

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for means of compliance with this requirement.” The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University’s policies.

We tested the time sheets for 30 employees during the fiscal year and noted six (20%) faculty members/advisors used “negative” timekeeping whereby the employee is assumed to be working unless noted otherwise.

University officials stated the University is reviewing, along with other State universities, time reporting for faculty members, as it relates to existing collectively bargained contractual obligations and the Illinois President and Chancellors Group and the individual universities will continue to discuss and explore time reporting.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code No. 2018-016, 2017-017, 2016-017, 2015-005, 2014-004, 2013-010, 12-11, 11-11, 10-11, 09-3, 08-3, 07-3, 06-4, 05-7)

RECOMMENDATION

We recommend the University amend its policies and revise its procedures to ensure all employees submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

UNIVERSITY RESPONSE

This finding is under study. The University acknowledges the requirements of the Act for employees to periodically report time spent each day on official State business to the nearest quarter hour. The University currently collects and monitors reported time spent on official business from all nonacademic, civil service, and professional and administrative staff. The University is reviewing existing time reporting requirements for faculty employees established by federal granting agencies and others to determine whether the requirements of the Act can be met

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-016 FINDING: TIME SHEETS NOT PROPERLY MAINTAINED (Continued)

by existing requirements rather than requiring dual reporting. In addition, the University is reviewing, along with other State universities, time reporting for faculty, as it relates to existing collectively bargained contractual obligations.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-017 FINDING: NONCOMPLIANCE WITH FEDERAL REPORTING REQUIREMENTS FOR POST-9/11 VETERANS EDUCATIONAL ASSISTANCE BENEFITS

Governors State University (University) did not comply with Federal reporting requirements. Several of the University's students are recipients of benefits from the Veterans Benefits Administration of the U.S. Department of Veterans Affairs (VA). The University receives a reporting fee for submitting reports required by the VA.

In our testing of 40 students with a Post-9/11 Veterans Educational Assistance (VA Chapter 33) benefit during the year, 15 students had enrollment status changes or corrections. 2 (13%) of those changes were not reported to the VA within 30 days from the date the change occurred (40 to 67 days late) and 3 (20%) of those changes were never reported to the VA.

The Code of Federal Regulations (38 CFR 21.4203(d)(1)) requires when any change in status or change in number of hours of credit of attendance occurs, the school will initiate a report of the change in time for the VA to receive it within 30 days of the date on which the change occurs.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law.

University officials stated the condition noted above was due to staffing constraints in the Veterans Resource Center.

Reporting of enrollment changes is critical for the VA's effective administration of the benefit program as a student's enrollment status determines the amount of award a student is eligible to receive. (Finding Code No. 2018-017, 2017-018, 2016-009, 2015-004)

RECOMMENDATION

We recommend the University improve its procedures to ensure compliance with the reporting requirements of the Post-9/11 Veterans Education Assistance benefit program.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Effective immediately, the Veterans Resource Center (VRC) is placing a Colleague system hold for all VA Chapter 33 students. This group of veteran students will be required to contact the VRC prior to making any changes in their enrollment for the semester. This will allow the VRC to ensure that any changes in enrollment is reported timely to the VA in compliance with federal regulations.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-018 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

Governors State University (University) did not comply with the requirements applicable to its property and equipment.

We selected a sample of 15 items from a listing of 115 items which were identified as unlocated equipment by the University when it performed its physical inventory as of September 15, 2017. Of the 15 items tested, 3 items were subsequently located by the University and observed by the auditors, 2 items were determined to be clerical errors, 1 item was located and transferred to State Surplus, 2 items were located and were scrapped, and the remaining 7 items were unlocated and deleted from the University's inventory as lost items. We examined the University's request for deletions form submitted to the Department of Central Management Services to request inventory deletion for the remaining physical inventory's lost items. The form requested 63 items totaling \$85,503, including 53 computers, servers, CPU's and other storage devices totaling \$71,391, be approved for deletion from the University's inventory. The University did not immediately perform a complete assessment of missing computers and storage devices to determine whether they contained confidential information and whether notifications were required as outlined in the Personal Information Protection Act (815 ILCS 530/25).

We also tested 25 computers that were sent to surplus according to the University's property control records to determine whether the University complied with its procedures and maintained evidence the computers had been "wiped" prior to transfer. The University could not provide any evidence 11 (44%) of these computers were cleared of data and software before they were transferred to surplus.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for supervision, control and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls, that provide assurance that property is safeguarded against waste, loss, unauthorized use, and misappropriation.

University management indicated that procedures are in place for the wiping of computers, however, documentation of the process has been inconsistent. The University further stated the local storage of sensitive data is discouraged by University policy, however the University has no resources to determine if sensitive data may have existed on the lost computer equipment after discovering it missing.

Inadequate controls over University property and equipment results in the possibility of sensitive data or software of the University being compromised. Also, failure to perform complete assessments of missing computers may result in the University being unaware of a breach of confidential data. (Finding Code No. 2018-018, 2017-009, 2016-010)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-018 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT (Continued)

RECOMMENDATION

We recommend the University improve the operation of its internal controls over the accountability of University equipment and comply with its procedures for documenting wiping of computer equipment prior to disposal. Further, we recommend the University perform timely assessments of all missing computer and data storage equipment to determine whether they contained confidential information and whether notifications under the Personal Information Protection Act are required.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is in the process of establishing procedures that will require property control officers to perform an assessment of missing computers in compliance with the Personal Information Protection Act. Said procedures will be communicated to departmental property control officers during the Spring 2019 property control training. In addition, a new standard operating procedure has been implemented whereupon disk drives in Surplus computers will be wiped per regulations, documented, and the hard drives will remain with the computer being sent to Surplus.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-019 FINDING: COMPUTER SECURITY WEAKNESSES

Governors State University (University) had not established adequate controls for its computing environment.

During the review of the University, the following weaknesses were noted:

- Operating system updates and patches were not up-to-date on University servers and computers.
- Users were allowed a high number of attempts to successfully log-in before being locked out of the network.
- User access rights were not always removed for terminated employees in a timely manner.
- The primary Information Technology Services (ITS) security position has been vacant since November 2017.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect facilities, computer systems, and data. Effective computer security controls, such as recertification of user access rights, up-to-date patches for computers and servers, strong password controls, and the formal assignment and staffing of security roles provide safeguards for secure access to computing environments.

University officials indicated the conditions above were primarily due to budget constraints and employee turnover. The former employees with access rights were overlooked.

Inadequate and lax security practices and staffing may result in unauthorized access to the University data and computing environment. (Finding Code No. 2018-019 2017-019, 2016-020)

RECOMMENDATION

We recommend the University:

- Ensure all servers and workstations are updated with the latest upgrades and patches.
- Reduce the account lockout threshold to limit the number of unsuccessful log-in attempts.
- Ensure access rights of terminated or transferred employees are removed on a timely basis.
- Fill the vacant Director of Information Security and Compliance position.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation.

In Fiscal Year 2019, ITS has established a Change Control Board and change control process which documents changes to servers and workstations. On a monthly basis, servers and workstation computers patches are reviewed, tested and updated across campus based on change control procedures.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE

2018-019 FINDING: COMPUTER SECURITY WEAKNESSES (Continued)

On March 28, 2018, University's Policy 64 was updated whereupon the number of unsuccessful log-in attempts were approved. ITS is in the process of rolling out changes in accordance with the updated policy.

An automated script has been developed where once an employee is terminated in Colleague by Human Resources, the script emails ITS with information so that access rights can be removed in a timely manner. In addition, on the 1st of every month an automated job emails Human Resources with a summary exception list so Human Resources can investigate and provide ITS with updates.

The Director of Information Security and Compliance search in Fall 2018 was unsuccessful in finding a qualified candidate. Another recruitment cycle is planned for Spring 2019.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

PRIOR FINDINGS NOT REPEATED

A FINDING: Failure to Report Additional Location to the Department of Education

During the prior audit, Governors State University (University) failed to timely notify the Department of Education (ED) of an additional location where 50% or more of an educational program was offered.

During the current audit, our testing indicated the ED was timely notified of locations where 50% or more of an educational program was offered. (Finding Code No. 2017-001)

B FINDING: Federal Perkins Loan Conversion to Repayment

During the prior audit, the University failed to accurately report separation dates for Federal Perkins Loan borrowers.

During the current audit, our sample testing did not identify any instances where the University failed to report accurate separation dates for Federal Perkins Loan borrowers. (Finding Code No. 2017-002, 2016-005)

C FINDING: Exit Counseling

During the prior audit, the University did not timely provide exit counseling for Federal Direct Loan recipients who ceased half-time study at the University.

During the current audit, our sample testing did not identify any Federal Direct Loan recipients, who ceased half-time study at the University, in which timely exit counseling was not provided. (Finding Code No. 2017-005, 2016-008)

D FINDING: Noncompliance with the Research and Development Cluster Reporting Requirements

During the prior audit, the University did not fully comply with the reporting requirements related to its project titled *The Impact of Public Hospitals' Privatization on Nurse Staffing* award from the Department of Health and Human Services.

During the current audit, we did not identify any instances where reports filed for the project titled *The Impact of Public Hospitals' Privatization on Nurse Staffing* award of the Research and Development Cluster were not properly completed in all material respects. (Finding Code No. 2017-006)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

PRIOR FINDINGS NOT REPEATED

E FINDING: Unallowable Costs Recorded in Federal Perkins Loan Fund

During the prior audit, the University recorded unallowable costs in its Federal Perkins Loan Fund.

During the current audit, we did not identify any unallowable costs recorded in the Federal Perkins Loan Fund. (Finding Code No. 2017-007)

F FINDING: Inadequate Purchasing Card Procedures

During the prior examination, the University did not have adequate controls to ensure University purchasing cards (P-Card) expenditures were made in accordance with the University's P-Card Purchasing Guidelines and other University procedures.

During the current examination, our sample testing indicated significant improvements had occurred. The finding has been moved to the immaterial findings letter. (Finding Code No. 2017-012)

G FINDING: Inadequate Controls over Verification of Job Applicant's Information

During the prior examination, the University did not have adequate controls over verification of information included on a job applicant's resume or application prior to hiring for a specific position.

During the current examination, our sample testing of newly hired employees did not identify any exceptions related to failing to verify information on a job applicant's resume or application prior to hiring. (Finding Code No. 2017-013, 2016-015, 2015-006, 2014-005)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2018**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Summary

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- **Fiscal Schedules and Analysis:**
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in State Property
 - Schedule of Federal Expenditures, Nonfederal Expenses and New Loans
- **Analysis of Operations (Unaudited):**
 - University Functions and Planning Program (Unaudited)
 - Analysis of Significant Variations in Expenses (Unaudited)
 - Analysis of Significant Variations in Revenues (Unaudited)
 - Analysis of Significant Lapse Period Spending (Unaudited)
 - Analysis of Significant Account Balances (Unaudited)
 - Analysis of Receivables (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Average Number of Employees (Unaudited)
 - Student Statistics (Unaudited)
 - Selected Service Efforts and Accomplishments (Unaudited)
 - Emergency Purchases (Unaudited)
 - University Bookstore Information (Unaudited)
 - Schedule of Degrees Awarded (Unaudited)
 - Summary of Indirect Cost Reimbursement Funds (Unaudited)
 - Special Data Requirements for Audits of Universities (Unaudited):
 - University Reporting in Accordance with University Guidelines (Unaudited)
 - Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Schedule of Excess Funds Calculation by Entity as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Balance Sheets - Auxiliary Enterprises and Activities Entities (Unaudited)
 - Schedules of Revenues, Expenditures and Changes in Fund Balances - Auxiliary Enterprises and Activities Entities (Unaudited)
 - Summary of Foundation Cash Support to the University (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2018**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
(Continued)**

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2018 Expenditures
MAJOR PROGRAMS				
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Federal Direct Student Loans	84.268		\$ -	\$ 38,562,812
Federal Pell Grant Program	84.063		-	8,381,495
Federal Perkins Loan Program - Federal Capital Contributions	84.038		-	4,203,829
Federal Work-Study Program	84.033		-	405,438
Federal Supplemental Educational Opportunity Grants	84.007		-	208,087
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		-	27,464
TOTAL U.S. DEPARTMENT OF EDUCATION			-	51,789,125
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Scholarships for Health Professions Students from Disadvantaged Backgrounds <i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Physical Therapy</i>	93.925		-	655,725
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Mental Health Counseling</i>	93.925		-	447,618
			-	1,103,343
Nurse Faculty Loan Program (NFLP) <i>Nurse Faculty Loan Program</i>	93.264		-	823,684
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	1,927,027
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			-	53,716,152
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Mental and Behavioral Health Education and Training Grants <i>Behavioral Health Workforce Education and Training (BHWET)</i>	93.732		-	298,714
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	298,714
TOTAL MAJOR PROGRAMS			-	54,014,866
OTHER PROGRAMS				
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Cancer Centers Support Grants <i>The GUIDE Cancer Research Training Project</i>	93.397		-	248,678
Research on Healthcare Costs, Quality and Outcomes <i>The Impact of Public Hospitals' Privatization on Nursing Staff</i>	93.226		-	876
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	249,554

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2018 Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Higher Education - Institutional Aid <i>Integrating Pathways: Student Success Through Junior Year Transition</i>	84.031A		-	383,829
Centers for International Business Education Passed through Indiana University <i>Center for International Business Education Research (CIBER)</i>	84.220	BL-4236301-GSU	-	24,285
TOTAL U.S. DEPARTMENT OF EDUCATION			-	408,114
<u>NATIONAL SCIENCE FOUNDATION</u>				
Education and Human Resources Passed through Chicago State University <i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	53953	-	6,555
Biological Sciences Passed through Cornell University <i>Coastal SEES Collaborative Research</i>	47.074	202432	-	34,139
TOTAL NATIONAL SCIENCE FOUNDATION			-	40,694
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			-	698,362
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start <i>Early Head Start</i>	93.600		-	906,087
Substance Abuse and Mental Health Services Projects of Regional and National Significance <i>Behavioral Health Workforce Education and Training for Professionals and Paraprofessionals</i>	93.243		-	54,148
Block Grants for Prevention and Treatment of Substance Abuse Passed through the Illinois Department of Human Services <i>Block Grants for Prevention and Treatment of Substance Abuse</i>	93.959	260134400	-	217,362
CCDF Cluster Child Care and Development Block Grant Passed through the Illinois Department of Human Services <i>Child Care and Development Block Grant (CCDBG)</i>	93.575	80408490W	-	19,205
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	1,196,802
<u>LIBRARY OF CONGRESS</u>				
Teaching With Primary Sources <i>Teaching With Primary Sources</i>	N.A.	GA06C0076	-	134,658
TOTAL LIBRARY OF CONGRESS			-	134,658

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	Passed-Through to Subrecipients	FY 2018 Expenditures
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>				
Promotion of the Arts Grants to Organizations and Individuals <i>Presenting & Multidisciplinary Works - Made in Chicago</i>	45.024		-	20,000
Promotion of the Arts Partnership Agreements Passed through Arts Midwest <i>Dallas Childrens Theater</i>	45.025	18365	-	1,000
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			-	21,000
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program Passed through the Illinois State Board of Education <i>Child and Adult Food Care Program</i>	10.558	56099527051	-	95,964
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	95,964
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development <i>War, Trauma and the Humanities</i>	45.162		-	91,441
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development <i>War, Memory and Commemoration in the Humanities</i>	45.162		-	5,976
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			-	97,417
TOTAL OTHER PROGRAMS			-	2,244,203
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 56,259,069

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the State of Illinois, Governors State University (University) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year, loans made during the year, any administrative cost allowance claimed, cash balance of the fund as of the end of the year, and cancellations receivable at the end of the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2018
84.038	Federal Perkins Loan Program	\$2,562,414
93.264	Nurse Faculty Loan Program	\$ 652,017

NOTE 4 - SUBRECIPIENTS

During the year ended June 30, 2018, the University did not pass through federal assistance to any subrecipients.

NOTE 5 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the year ended June 30, 2018.

NOTE 6 - INSURANCE

The University did not have federally funded insurance in effect during the year ended June 30, 2018.

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
EXPENDITURE AUTHORITY FOR FISCAL YEAR 2018
FOR THE SIXTEEN MONTHS ENDED OCTOBER 31, 2018

	Appropriations (Net of Transfers)	Expenditures through 6/30/18	Lapse Period Expenditures 7/01 - 10/31/18	Total Expenditures 16 Months ended 10/31/2018	Balances Lapsed
Public Act 100-0021					
Education Assistance Fund - 007:					
Personal services	\$ 19,195,900	\$ 19,174,684	\$ 21,216	\$ 19,195,900	\$ -
Group insurance	577,300	577,300	-	577,300	-
Contractual services	1,517,600	1,517,600	-	1,517,600	-
Commodities	66,000	66,000	-	66,000	-
Equipment	220,000	220,000	-	220,000	-
Awards and grants	79,200	79,200	-	79,200	-
Total Education Assistance Fund	<u>\$ 21,656,000</u>	<u>\$ 21,634,784</u>	<u>\$ 21,216</u>	<u>\$ 21,656,000</u>	<u>\$ -</u>
Total Appropriated Funds	<u>\$ 21,656,000</u>	<u>\$ 21,634,784</u>	<u>\$ 21,216</u>	<u>\$ 21,656,000</u>	<u>\$ -</u>

Note 1: Appropriations, total expenditures, and lapsed balances were obtained from the University's records and have been reconciled to the State Comptroller's records.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

	Fiscal Years	
	2018 P.A. 100-0021	2017 Court Order P.A. 99-0524 and P.A. 100-0021
General Revenue Fund - 001:		
Appropriations (net after transfers)	\$ -	\$ 8,127,400
Expenditures:		
Operational expenses	-	8,127,400
Total Expenditures	-	8,127,400
Lapsed Balances	\$ -	\$ -
Education Assistance Fund - 007:		
Appropriations (net after transfers)	\$ 21,656,000	\$ 15,934,700
Expenditures:		
Personal services	19,195,900	-
Group insurance	577,300	-
Contractual services	1,517,600	-
Commodities	66,000	-
Equipment	220,000	-
Awards and grants	79,200	-
Payroll offsets - Court Ordered (Note 3)	-	9,565
Operational expenses	-	15,934,700
Total Expenditures	21,656,000	15,944,265
Lapsed Balances	\$ -	\$ -
GRAND TOTAL, ALL FUNDS		
Appropriations (Net After Transfers)	\$ 21,656,000	\$ 24,062,100
Court Ordered Expenditure Authority	-	9,565
Total Expenditures	21,656,000	24,071,665
Lapsed Balances	\$ -	\$ -

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Schedule 3

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

- Note 1: Appropriations, total expenditures, and lapsed balances were obtained from the University's records and have been reconciled to the State Comptroller's records.
- Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rate of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supercede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the University was able to submit vouchers to pay its court-ordered involuntary withholding payroll payments previously processed through the State Treasury within Fund 007 in full without a maximum expenditure limit during Fiscal Year 2017. In August of 2017, the University reimbursed the State in full for this involuntary withholding from the University's Income Fund.
- Note 4: Public Act 99-0524 authorized the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 72 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University submitted against its Fiscal Year 2017 appropriation.
- Note 5: During Fiscal Year 2017, the University operated without an enacted full year appropriation until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the University incurred reimburseable payroll obligations within Fund 001 and Fund 007; however, the University was unable to process a reimbursement for these expenditures incurred by the University's Income Fund until the passage of Public Act 100-0021.
- Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the University to pay all costs incurred prior to July 1, 2018, using either Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 72 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Schedule 4

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES

	2018	2017
Income fund revenues:		
Student tuition and fees	\$ 36,600,103	\$ 38,034,090
Investment income	452,910	129,040
Miscellaneous	2,454,036	55,657
Total income fund revenues	\$ 39,507,049	\$ 38,218,787
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	\$ 10,030,606	\$ 27,547,250
Medicare and benefits	872,329	1,369,157
Contractual services	6,409,955	5,467,980
Travel	284,848	201,433
Commodities	594,838	527,431
Equipment and permanent improvements	473,738	946,396
Telecommunications services	147,889	173,856
Operation of automotive equipment	47,139	46,905
Miscellaneous expenditures	50,648	-
Awards, grants and matching funds	864,960	834,319
Tuition and fee waivers	1,197,264	1,435,132
Debt services transfer	579,073	583,533
Other transfers	376,723	-
Total income fund expenditures	\$ 21,930,010	\$ 39,133,392

Note: This schedule has been prepared on the accrual basis of accounting.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 5

SCHEDULE OF CHANGES IN STATE PROPERTY

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Land	\$ 1,389,086	\$ -	\$ -	\$ -	\$ 1,389,086
Equipment *	20,184,170	1,130,782	740,929	211,617	20,785,640
Equipment under capital lease	236,662	-	-	(236,662)	-
Intangible assets	1,904,919	38,039	-	25,045	1,968,003
Artwork/Artifacts	431,323	-	-	-	431,323
Library collection	12,580,105	14,189	169,736	-	12,424,558
Site improvements	9,309,741	-	-	-	9,309,741
Buildings *	151,148,621	1,408,431	-	505,195	153,062,247
Construction in progress	3,000	502,195	-	(505,195)	-
	<u>197,187,627</u>	<u>3,093,636</u>	<u>910,665</u>	<u>-</u>	<u>199,370,598</u>

* Includes assets below the capitalization threshold used for financial reporting purposes. State property below the financial reporting capitalization threshold were not subjected to the audit procedures of the financial statement audit and no opinion is provided in relation to the State property below these thresholds included above.

Note: This summary schedule was prepared using University property control records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles. This schedule has been reconciled to property reports (C-15 Agency Report of State Property) submitted to the Office of the State Comptroller.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule 6

SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 56,259,069
Total new loans made not included on SEFA schedule	-
Amount of federal loan balance at beginning of the year (not included on the SEFA schedule and continued compliance is required)	-
Other noncash federal award expenditures (not included on SEFA schedule)	-
Total Schedule A	<u>\$ 56,259,069</u>

Schedule B - Total Financial Component

Total operating expenses (from Financial Statements)	\$ 114,890,779
Total nonoperating expenses (from Financial Statements)	1,802,211
Total new loans made	38,571,864
Amount of federal loan balances at beginning of year	3,631,634
Other noncash federal award expenditures	-
Total Schedule B	<u>\$ 158,896,488</u>

Schedule C

		<u>Percent</u>
Total Schedule A	\$ 56,259,069	35.4%
Total nonfederal expenses	<u>102,637,419</u>	<u>64.6%</u>
Total Schedule B	<u>\$ 158,896,488</u>	<u>100.0%</u>

Note: These schedules are used to determine the University's single audit costs in accordance with Uniform Guidance.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM

Governors State University (University) was chartered in 1969 to provide affordable and accessible undergraduate and graduate education to its culturally and economically diverse life-long learners in the Chicago metropolitan area. It is governed by the Board of Trustees of the University created in January 1996 as a result of legislation to reorganize governance of State higher education institutions. As a comprehensive public university, the University provides liberal arts, science, and professional preparation at the undergraduate, master and doctoral levels.

Planning

Vision 2020 is the strategic plan of the University. Vision 2020 was formally adopted by the University Board of Trustees on February 27, 2015 and is designed to provide general direction for all University initiatives through the 2019-2020 academic year.

Vision 2020 articulates the mission and vision statements of the University as follows:

Mission Statement: Governors State University is committed to offering exceptional and accessible education that prepares students with the knowledge, skills and confidence to succeed in a global society.

Vision Statement: Governors State University will create an intellectually stimulating public square, serve as an economic catalyst for the region, and lead as a model of academic excellence, innovation, diversity and responsible citizenship.

The mission and vision statements are supported by six core values, specified as follows:

- (1) Invest in Student Success through a commitment to mentoring and a deliberate University focus on student achievement of academic, professional and personal goals.
- (2) Provide Opportunity and Access to a first-class public education to residents of our surrounding communities and all those traditionally underserved by higher education.
- (3) Serve as an Economic Catalyst for the citizens of the State of Illinois and our larger Midwest region, so that our communities grow and flourish.
- (4) Prepare Stewards of our Future to thrive in the global economy, to contribute to ongoing innovative research and to serve as stewards of the environment.
- (5) Demonstrate Inclusiveness and Diversity to encourage acceptance of wide-ranging perspectives among students, staff, faculty and members of the broader community.
- (6) Promote Quality of Life which encompasses civic, personal, professional and cultural growth.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (Continued)

Consistent with these values, the University actively pursues eight primary goals:

- (1) Academic Excellence: Provide distinctive academic programs that effectively prepare students to become leaders and productive citizens in the global community.
- (2) Student Success: Provide a seamless and supportive pathway from admission to graduation focused on personal and academic success to help ensure that students are career ready and positioned to be leaders and citizens in the community.
- (3) High Quality Faculty and Staff: Provide students access to a highly qualified, motivated, and diverse faculty and staff.
- (4) Enrollment Management: Develop and implement strategic initiatives with respect to recruitment, admission, retention, and graduation rates of undergraduate and graduate students at Governors State University.
- (5) Financial Growth and Resiliency: Diversify the University's revenue streams to ensure resources that are necessary for institutional growth and fiscal sustainability.
- (6) Visibility, Outreach and Economic Catalyst: Pursue initiatives that make the University a preferred destination in the region for cultural, social, economic, and continuing education pursuits; enhance collaboration between the University and its communities; position the University as a leader and partner in vibrant public dialogue; and increase the University's effectiveness as an economic catalyst in the region.
- (7) Social, Ethical and Environmental Responsibility: Build an institution that is socially, ethically, and environmentally responsible.
- (8) Continuous Process Improvement: Develop and sustain a climate of continuous improvement which is defined by evidence-based decision-making focused on enriching the student experience.

Within the larger context set by Vision 2020, the annual budget process at the University operates under the general direction of the Planning and Budget Advisory Council (PBAC), a 22-member group composed of administrators, faculty, staff and students, and co-chaired by the Provost and the Vice President for Administration and Finance. The role of PBAC is to develop recommendations on all budgetary issues of University-wide scope and, after due deliberation, to forward those recommendations to the University President.

Every spring, PBAC operates the annual budget process. The group develops guidelines consistent with the goals of Vision 2020, and procedures and timelines in accordance with which every budget unit of the University develops its budget requests for the fiscal year to come. Public

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (Continued)

hearings are held at which each unit presents its request and is subject to questions and discussions from the members of the PBAC. Final recommendations are developed and forwarded to the President for her adoption. The President, in turn, forwards final recommendations on tuition and fees and on budgets to the Board of Trustees.

Given the extremely difficult budgetary challenges and the uncertainties associated with it, Fiscal Year 2018 focused on an austerity based budget that reflected a 3% reduction from the Fiscal Year 2017 budget, and fund reallocations for new programs and strategic initiatives that promote enrollment growth.

The Provost and the Vice President for Administration and Finance are working with their respective unit heads and with other University staff to develop a set of indicators to measure achievement of the goals specified in Vision 2020. When that development process is complete, data will be gathered on those indicators by the Office of Institutional Research and displayed for viewing by members of the University community and the general public.

University Head and Location

The President of the University is Dr. Elaine P. Maimon whose office is located at:

Governors State University
1 University Parkway
University Park, IL 60484

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 16 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 20%:

	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comments</u>
Public service	\$ 7,705,767	\$ 15,654,038	\$ (7,948,271)	-51%	The decrease is mostly due to decreased spending on the Illinois Department of Children and Family Services grant that ended in Fiscal Year 2017.
Academic support	\$ 3,626,213	\$ 2,823,046	\$ 803,167	28%	The increase is mostly attributable to increased costs in the University Library and a newly centralized Undergraduate Academic Advising division.

**STATE OF ILLIOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 16 of the financial audit report. Following are explanations for significant variances between revenue accounts exceeding \$100,000 and 20%:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
State grants and contracts	\$ 2,074,356	\$ 7,318,716	\$ (5,244,360)	-72%	The decrease is mostly due to a large grant from the Illinois Department of Children and Family Services that ended during Fiscal Year 2017.
State appropriations	\$ 32,961,100	\$ 12,757,000	\$ 20,204,100	158%	The increase is due to timing of revenue recognition imposed by the Governmental Accounting Standards Board (GASB) Statement No. 33. \$12,757,000 of the Fiscal Year 2017 appropriation could not be recognized until Fiscal Year 2018.
Federal and State nonoperating grants	\$ 16,967,034	\$ 9,268,085	\$ 7,698,949	83%	The increase is mainly due to Fiscal Year 2017 State Monetary Award Program (MAP) that could not be recognized as revenue until Fiscal Year 2018 in accordance with GASB Statement No. 33. There was also an overall increase in Federal Pell and State MAP awards.
Investment income	\$ 452,910	\$ 129,062	\$ 323,848	251%	Higher cash balances were on hand during Fiscal Year 2018, due to timing of State appropriations, which were transferred to the Illinois Funds account where higher interest rates were earned.
Capital additions provided by State of Illinois	\$ 301,698	\$ 7,678	\$ 294,020	3829%	The increase was mainly due to the prompt payment interest paid by the Capital Development Board (CDB) during Fiscal Year 2018 for projects that were already completed in prior years. CDB was delayed in its payments to vendors due to the budget impasse; thus, prompt payment interest was incurred.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The University did not have any lapse period expenditures which exceeded 20% of the expenditures for the appropriation line item.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Cash and Cash Equivalents

Cash and cash equivalents as presented on the Statement of Net Position consisted of the following:

	<u>2018</u>	<u>2017</u>
Deposit types:		
Cash	\$ 7,316,787	\$ 8,876,083
Illinois Funds	43,752,128	17,774,906
	<u>\$ 51,068,915</u>	<u>\$ 26,650,989</u>
Depositories used:		
First Midwest Bank	\$ 7,308,762	\$ 8,855,553
Illinois Funds	43,752,128	17,774,906
Cash on hand	8,025	20,530
	<u>\$ 51,068,915</u>	<u>\$ 26,650,989</u>

Cash increased as a result of the additional \$11.3 million appropriated to the University for Fiscal Year 2017 and the full year appropriation for Fiscal Year 2018 subsequent to June 30, 2017. In addition, the University received both Fiscal Year 2017 and 2018 Monetary Award Program grant funding in Fiscal Year 2018.

Cash and Cash Equivalents, Restricted

Cash and cash equivalents, restricted as presented on the Statement of Net Position consisted of the following:

	<u>2018</u>	<u>2017</u>
Deposit types:		
Money market	\$ 28	\$ 28
	<u>\$ 28</u>	<u>\$ 28</u>
Depositories used:		
Amalgamated Bank	\$ 28	\$ 28
	<u>\$ 28</u>	<u>\$ 28</u>

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ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Capital Assets

The University's capital assets as presented on the Statement of Net Position consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,389,086	\$ 1,389,086
Artwork/Artifacts	431,323	431,323
Construction in progress	-	3,000
Site improvements	9,309,741	9,309,741
Buildings	153,138,425	152,418,490
Intangible assets	1,968,003	1,904,919
Equipment under capital lease	-	236,662
Equipment	12,307,336	11,799,008
Library collection	12,424,558	12,580,105
Gross capital assets	<u>190,968,472</u>	<u>190,072,334</u>
Accumulated depreciation	<u>(79,654,399)</u>	<u>(75,123,705)</u>
Net capital assets	<u>\$ 111,314,073</u>	<u>\$ 114,948,629</u>

Net capital assets decreased by \$3.6 million due to \$4.8 million of depreciation expense and deletions, partially offset by \$1.2 million of acquisitions of vehicles, equipment, intangible assets, and building improvements.

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ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Liabilities

The University's liabilities as presented on the Statement of Net Position consisted of the following:

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 6,646,356	\$ 5,291,573
Agency funds payable	270,055	222,997
Accrued compensated absences	3,115,672	3,439,750
Due to component unit	-	84,275
Unearned revenue	2,769,982	2,656,452
Refundable grants	3,392,582	3,381,820
Revenue bonds payable	24,040,507	24,906,361
Notes payable	613,818	1,158,741
Capital lease payable	-	89,252
Certificates of participation	9,829,883	11,072,555
Other postemployment benefits (OPEB)	32,439,229	-
Intangible asset payable	135,054	230,266
Total liabilities	<u>\$ 83,253,138</u>	<u>\$ 52,534,042</u>

The \$30.7 million increase in liabilities was mostly attributable to the increase in wages payable caused by the conversion of University employees paid under an anticipated payroll schedule in prior years to a delayed payroll schedule during Fiscal Year 2018 and due to the University's recognition of its allocated share of the State's OPEB liability of \$32.4 million as of June 30, 2018 resulting from the adoption of GASB Statement No. 75. This increase was partially offset by the \$2.8 million in principal payments made on revenue bonds payable, notes payable, capital lease payable, certificates of participation and intangible asset payable.

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ANALYSIS OF RECEIVABLES

The University's receivables as presented on the Statement of Net Position consisted of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable, net of allowance for uncollectible accounts of \$6,060,000 in 2018 and \$5,350,000 in 2017	\$ 3,952,134	\$ 3,928,747
Grants receivable	2,341,217	4,209,609
State appropriation receivable	179,841	-
Student loans, net of allowance for uncollectible loans of \$700,000 in 2018 and \$750,000 in 2017	2,674,334	3,080,590
Total receivables	<u>\$ 9,147,526</u>	<u>\$ 11,218,946</u>

A significant portion of the decrease in receivables is due to a \$1.9 million decrease in grants receivable from the Illinois Department of Children and Family Services (DCFS) as a significant portion of the DCFS grant ended at the end of Fiscal Year 2017.

An aging of accounts, grants, and student loans receivable is as follows:

	<u>2018</u>	<u>2017</u>
Not in repayment	\$ 1,237,471	\$ 1,693,469
Current	6,185,416	7,476,844
Up to 120 days past due	2,039,464	1,495,115
From 121 to 365 days past due	1,487,998	2,357,122
More than 365 days past due	4,957,177	4,296,396
Allowance for doubtful accounts	(6,760,000)	(6,100,000)
Net accounts, grants, and student loans receivable	<u>\$ 9,147,526</u>	<u>\$ 11,218,946</u>

Non-student receivables are not aged and have been presented above as current.

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BUDGET IMPASSE DISCLOSURES

Payment of Prior Year Costs in Future Fiscal Years

Article 998 of Public Act 100-0021 authorized the University to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using the University's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The University did not have any outstanding invoices from Fiscal Year 2017 unpaid after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. Therefore, the University did not use its Fiscal Year 2018 appropriation to pay its Fiscal Year 2016 or Fiscal Year 2017 costs.

FISCAL YEAR 2016 INVOICES

<u>Fund No.</u>	<u>Fund Name</u>	<u>Paid from Fiscal Year 2017 Appropriations</u>		<u>Paid from Fiscal Year 2018 Appropriations</u>	
		<u>Number</u>	<u>Dollar Value</u>	<u>Number</u>	<u>Dollar Value</u>
007	Education Assistance Fund	8	\$ 12,655,443	-	\$ -

The University did not have any outstanding unpaid invoices from Fiscal Year 2017 after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017.

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AVERAGE NUMBER OF EMPLOYEES

The following summarizes the full-time equivalent employees by funding source as reported on the University's RAMP report (table 5) to the Illinois Board of Education.

	<u>2018</u>	<u>2017</u>
Full-time equivalent employees funded by State appropriated funds:		
Faculty	305.2	307.0
Administrative	79.0	71.5
Civil service	167.2	152.2
Other professionals	78.7	68.7
Graduate assistants	26.0	20.4
Students	28.6	9.8
Total	<u>684.7</u>	<u>629.6</u>
Full-time equivalent employees funded by nonappropriated funds:		
Faculty	5.8	8.3
Administrative	17.8	27.6
Civil service	74.5	112.3
Other professionals	79.3	76.9
Graduate assistants	1.6	3.2
Students	92.5	69.1
Total	<u>271.5</u>	<u>297.4</u>

Note: Staff years are calculated in accordance with the guidelines established by the Illinois Board of Higher Education for the Historical RAMP report, table 5. A staff-year employee represents one person working full-time for a year.

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STUDENT STATISTICS

Enrollment Statistics

	Academic Year 2017-2018		
	Fall	Spring	Summer
Headcount:			
Undergraduate	3,326	3,188	1,342
Graduate	1,859	1,696	1,090
Total	5,185	4,884	2,432
Full-time equivalent:			
Undergraduate	2,387	2,273	548
Graduate	1,167	1,041	562
Total	3,554	3,314	1,110

Student Cost Statistics

	2018	2017
Annual full-time equivalent students:		
Undergraduate	2,604	2,634
Graduate	1,385	1,705
Total	3,989	4,339
Total instructional costs per IBHE Cost Study Report**	\$ 27,470,700	\$ 27,507,200
Annual full-time equivalent students	3,989	4,339
Cost per full-time equivalent student	\$ 6,887	\$ 6,340

* Annual full-time equivalent students are calculated in accordance with the guidelines established by the Illinois Board of Higher Education (IBHE), which is determined by dividing the total credit hours generated in the fiscal year by 30 hours for undergraduate students and 24 hours for graduate students.

** Reflects preliminary University calculations based on IBHE reporting standards. Data submitted to IBHE via the historical Ramp is used to report to the Governor and General Assembly each public Illinois university's revenues and expenditures.

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SELECTED SERVICE EFFORTS AND ACCOMPLISHMENTS

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
1. Student headcount - Fall term (a)	<u>5,568</u>	<u>5,776</u>	<u>5,938</u>	<u>5,819</u>	<u>5,185</u>
2. Minority enrollment - Fall term (a)	<u>2,797</u>	<u>3,069</u>	<u>2,948</u>	<u>2,937</u>	<u>2,845</u>
3. Degrees awarded - Fiscal year (a)	<u>1,621</u>	<u>1,496</u>	<u>1,678</u>	<u>1,688</u>	<u>1,559</u>
4. Credit hours - Academic year (a)	<u>111,515</u>	<u>120,768</u>	<u>124,235</u>	<u>119,937</u>	<u>111,351</u>
5. Unduplicated headcount - Academic year (a, c)	<u>7,121</u>	<u>7,315</u>	<u>7,503</u>	<u>7,128</u>	<u>6,347</u>
6. Annualized tuition and fees (b):					
Undergraduate					
Resident (d)	<u>\$ 7,562</u>	<u>\$ 7,562</u>	<u>\$ 8,174</u>	<u>\$ 8,884</u>	<u>\$ 9,412</u>
Nonresident	<u>\$ 13,682</u>	<u>\$ 13,682</u>	<u>\$ 14,918</u>	<u>\$ 15,412</u>	<u>\$ 16,924</u>
Graduate					
Resident	<u>\$ 6,170</u>	<u>\$ 6,170</u>	<u>\$ 6,932</u>	<u>\$ 7,882</u>	<u>\$ 8,254</u>
Nonresident	<u>\$ 11,192</u>	<u>\$ 11,192</u>	<u>\$ 12,458</u>	<u>\$ 13,408</u>	<u>\$ 14,608</u>

(a) Per data file extracted by the University's Institutional Research Office each term.

(b) This calculation used 12 and 9 credit hours per term for full-time status undergraduate and graduate students,

(c) This represents cumulative students for the academic year without double counting students enrolled more than one

(d) Tuition rate used is the rate for new full-time undergraduate students.

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EMERGENCY PURCHASES

The University issued a request for proposals and did not receive any responses. The University contracted for student health clinic related services with a leading health care provider offering similar services in the region.

Obligation Number:	Emergency Award Number 071717
Vendor:	Advocate Health and Hospitals Corporation
Estimated Amount:	\$45,801
Actual Amount:	\$49,129

UNIVERSITY BOOKSTORE INFORMATION

The University has a contractual arrangement for bookstore operations on campus. The University's current contract is for the period September 1, 2017 through August 31, 2020. The contract with the bookstore requires commissions to be paid to the University based on the following terms for the fiscal year September 1 to August 31:

1. 10.0% of all gross revenue up to \$1,000,000; plus
2. 11.0% of any part of gross revenue over \$1,000,000 but less than \$1,500,000; plus
3. 12.0% of any part of gross revenue over \$1,500,000.

During the University's fiscal year July 1, 2017 to June 30, 2018, the bookstore had gross sales of \$1,093,183, the University earned commissions of \$103,032 (\$854,116 @ 10% commission and \$160,182 @ 11% commission), and the University spent a total of \$78,885 (commission exempt) at the bookstore. The contract with the bookstore gives the contractor exclusive rights to sell books on campus, and there are no other "on-campus" or nearby bookstores.

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SCHEDULE OF DEGREES AWARDED

The following schedule presents the number of degrees awarded by the University for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Number of Degrees Awarded</u>		
	<u>Graduate</u>	<u>Undergraduate</u>	<u>Total</u>
2018	663	896	1,559
2017	788	900	1,688
2016	716	962	1,678
2015	591	905	1,496
2014	645	976	1,621
2013	696	938	1,634
2012	743	958	1,701
2011	909	923	1,832
2010	862	856	1,718
2009	1,001	767	1,768
2008	1,033	878	1,911
2007	964	908	1,872

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SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS

The University receives indirect and administrative cost reimbursements for administration of grants and contracts, federally assisted financial aid programs, Veterans Affairs programs and other related activities. These funds are recorded in Other Unrestricted Funds and are expended for directly identifiable charges associated with such programs.

The administrative personal services expenditures are for selected University employees working in the functions generating the related revenues. The contractual services expenditures include audit charges to federally assisted programs. The remaining charges are for other expenditures related to the respective programs.

Balances remaining at June 30, 2018 are used to meet budgeted operational costs in Fiscal Year 2019. The following is an analysis of the sources and applications of indirect and administrative cost reimbursements recorded in the current fund for the year ended June 30, 2018:

	Indirect Costs	Administrative Overhead	Total
Balance at June 30, 2017	\$ 1,527,364	\$ 74,069	\$ 1,601,433
Add: Sources			
Recovered from grants and contracts	470,944	-	470,944
Financial aid program reimbursements	-	32,080	32,080
Total sources	<u>470,944</u>	<u>32,080</u>	<u>503,024</u>
Less: Applications			
Personal services	60,538	16,088	76,626
Contractual services	136,963	750	137,713
Commodities	3,573	2,860	6,433
Others	42,189	-	42,189
Total applications	<u>243,263</u>	<u>19,698</u>	<u>262,961</u>
Balance at June 30, 2018	<u>\$ 1,755,045</u>	<u>\$ 86,451</u>	<u>\$ 1,841,496</u>

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES

University Reporting in Accordance with University Guidelines

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The information below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2018, where such special data is found.

Compliance Findings

13(a) We identified violations of University Guidelines for the year ended June 30, 2018 regarding subsidies between accounting entities. See finding 2018-014.

Indirect Cost Reimbursements

13(b) Refer to page 78 of this report for an analysis of the sources and applications of indirect cost reimbursements for the year ended June 30, 2018.

13(c) Refer to page 83 of this report for the calculation sheet for indirect cost carry-forward. There were no excess funds required to be deposited into the Income Fund after the end of the lapse period.

Tuition Charges and Fees

13(d) No instances of tuition being diverted to auxiliary enterprise operations were noted.

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

- University Facilities System Revenue Bonds includes all operations of the Student Center, University Bookstore, University Parking Facilities, University Housing, and University Food Service and Vending Facilities.
 - Student Center is the focal point of student activity programs on campus and includes student activities and recreation facilities. Student Center revenue is derived from fees charged to students.
 - Bookstore operations provide texts and supplies to students. The bookstore is managed under contract by a third party whereby the University receives commission revenue from operations.

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

- Parking provides operation and maintenance of University parking facilities. Revenues are generated from user fees.
 - Housing provides living quarters for students on campus. Revenues are generated from residence fees.
 - Food service and vending provide meals and catering services under contract to the University community. Commission revenue is received by the University.
- Center for Performing Arts provides cultural entertainment to the University community. Revenues are generated from ticket sales.
 - Educational and Student Life Activities represent credit and noncredit conferences, workshops and seminars, and organized student activities. Revenues are generated from course fees charged to participants and from student activity fees.
 - Service Departments provide products or services to University departments. Revenues are generated from chargebacks to user departments.
 - Indirect and Administrative Cost accounts receive the “overhead” portion of grant and contract expense incurred. Revenues are generated from charges to sponsors as well as royalties received on special projects.
- 13(f) Refer to pages 85 through 89 of this report for the financial statements of each accounting entity.
- 13(g) Calculations of current excess funds for each entity are presented on page 84 of this report. There were no excess funds required to be deposited into the Income Fund.
- 13(h) The following is a schedule of indirect subsidies to Auxiliary Enterprises and Activities for the year ended June 30, 2018:

Auxiliary Enterprises:	
University Facilities System Revenue Bonds	\$ 1,299,968
Center for Performing Arts	237,212
	<u>\$ 1,537,180</u>
Activities:	
Educational and Student Life Activities	\$ 1,689,026
University Service Departments	113,182
	<u>\$ 1,802,208</u>

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

Indirect subsidies represent support received by Auxiliary Enterprises and Activities from State appropriated funds for retirement and group insurance benefits. There were no direct subsidies to Auxiliary Enterprises and Activities from appropriated funds during the year ended June 30, 2018.

- 13(i) A Statement of Revenues, Expenses and Changes in Net Position for the bond indenture required accounts is presented on page 16 of the financial audit report.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) As of June 30, 2018, no non-instructional facilities reserves have been established by the University.

University Related Organizations

- 13(l) The University recognizes the Governors State University Foundation (Foundation) as a University Related Organization. There are no organizations considered by the University to be “Independent Organizations” as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 90 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 10 on page 51 of the financial audit report for details related to services and support provided.
- 13(o) As of June 30, 2018, there are no unreimbursed subsidies to the Foundation from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation.

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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES (Continued)

Other Topics

- 13(q) Schedules of cash and cash equivalents (short-term investments) for the year ended June 30, 2018 are presented in the Analysis of Significant Account Balances section of this report on page 68, and in footnotes 3 and 4 on pages 28 through 31 of the financial audit report.
- 13(r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- 13(s) Student cost statistics are presented on page 74 of this report.
- 13(t) Neither the University nor the Foundation has purchased any real estate during the year ended June 30, 2018.
- 13(u) Neither the University nor the Foundation issued certificates of participation during the year ended June 30, 2018.

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**SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE
UNIVERSITY INCOME FUND AS REQUIRED BY 1982 UNIVERSITY
GUIDELINES (AMENDED 1997)**

Cash and cash equivalents balance:	
Cash and cash equivalents	<u>\$ 1,952,820</u>
Actual cash carried forward	<u>1,952,820</u>
Less: Allowable carry-forward per formula:	
Allocated reimbursements: 30% of total indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$6,351,465 x 30%)	1,905,440
Unallocated reimbursements: Lesser of actual unallocated indirect cost reimbursements for the fiscal year completed or 10% of total indirect cost allocations for the fiscal year completed	-
Current liabilities paid in lapse period	<u>111,324</u>
Maximum allowable carry-forward	<u>2,016,764</u>
Excess cash and cash equivalents to be deposited into the University Income Fund	<u><u>\$ -</u></u>

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**SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED
BY 1982 UNIVERSITY GUIDELINES (AMENDED 1997)**

	<u>Auxiliary Enterprises</u>		<u>Activities</u>	
	<u>University Facilities System Revenue Bonds</u>	<u>Center for Performing Arts</u>	<u>Educational and Student Life Activities</u>	<u>University Service Departments</u>
Current available funds:				
Cash and cash equivalents	A \$ 202,112	\$ 16,078	\$ 8,510,647	\$ (38,591)
Working capital allowance:				
Highest month's expenditures	2,097,990	84,692	2,704,700	93,909
Current liabilities paid during lapse period	444,349	61,254	124,613	6,820
Unearned revenue	214,793	-	283,394	-
Working capital allowance	B <u>2,757,132</u>	<u>145,946</u>	<u>3,112,707</u>	<u>100,729</u>
Current excess funds (margin of compliance):				
Deduct B from A	<u>\$ (2,555,020)</u>	<u>\$ (129,868)</u>	<u>\$ 5,397,940</u>	<u>\$ (139,320)</u>
Calculation of net excess funds for remittance:				
Indentured capital reserves:				
Unspent project proceeds included in cash above			\$ -	
Funds reserved for debt retirement			-	
Nonindentured capital reserves:				
5% of the replacement cost of buildings and improvements			5,632,224	
10% of the historical cost of parking lots			-	
20% of the historical cost of equipment			-	
Total allowable capital reserves			<u>\$ 5,632,224</u>	
Net excess funds			<u>\$ (234,284)</u>	

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BALANCE SHEETS - AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES

	<u>Auxiliary Enterprises</u>		<u>Activities</u>			<u>Total Auxiliary Enterprises and Activities</u>
	<u>University Facilities System Revenue Bonds</u>	<u>Center for Performing Arts</u>	<u>Educational and Student Life Activities</u>	<u>University Service Departments</u>	<u>Administrative Overhead/ Indirect Costs</u>	
Assets						
Cash and cash equivalents	\$ 202,112	\$ 16,078	\$ 8,510,647	\$ -	\$ 1,952,820	\$ 10,681,657
Accounts receivable, net	142,432	45,176	445,312	-	-	632,920
Inventories	-	-	-	44,981	-	44,981
Prepaid debt service insurance	8,930	-	-	-	-	8,930
Buildings and improvements, net	4,581,127	5,294,085	25,348,118	83,292	-	35,306,622
Housing, net	19,334,470	-	-	-	-	19,334,470
Parking lots, net	2,378,602	-	-	-	-	2,378,602
Equipment, net	153,029	48,621	-	320,701	-	522,351
Total assets	<u>26,800,702</u>	<u>5,403,960</u>	<u>34,304,077</u>	<u>448,974</u>	<u>1,952,820</u>	<u>68,910,533</u>
Liabilities						
Bank overdraft	-	-	-	38,591	-	38,591
Accounts payable	444,349	61,254	124,613	11,865	111,324	753,405
Revenue bonds payable	24,040,507	-	-	-	-	24,040,507
Unearned revenue	214,793	-	283,394	-	-	498,187
Total liabilities	<u>24,699,649</u>	<u>61,254</u>	<u>408,007</u>	<u>50,456</u>	<u>111,324</u>	<u>25,330,690</u>
Fund balances						
Other unrestricted funds	(305,668)	-	8,547,952	(5,475)	1,841,496	10,078,305
Net investment in capital assets	2,406,721	5,342,706	25,348,118	403,993	-	33,501,538
Total fund balances	<u>2,101,053</u>	<u>5,342,706</u>	<u>33,896,070</u>	<u>398,518</u>	<u>1,841,496</u>	<u>43,579,843</u>
Total liabilities and fund balances	<u>\$ 26,800,702</u>	<u>\$ 5,403,960</u>	<u>\$ 34,304,077</u>	<u>\$ 448,974</u>	<u>\$ 1,952,820</u>	<u>\$ 68,910,533</u>

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**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES**

	Auxiliary Enterprises	
	University Facilities System Revenue Bonds	Center for Performing Arts *
	\$	\$
Revenues	5,259,454	702,031
Expenditures		
Personal services	1,619,872	295,587
Contractual services	1,730,413	222,082
Commodities	265,185	34,947
Equipment	260,442	35,999
Other	1,238,293	1,593
Total expenditures	5,114,205	590,208
Excess of revenues over expenditures	145,249	111,823
Fund balance (deficit), beginning of year	1,955,804	(111,823)
Fund balance (deficit), end of year	\$ 2,101,053	\$ -

* This Schedule only presents "Other Unrestricted Funds" for the Center for Performing Arts.

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(UNAUDITED)**

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES**

	Educational and Student Life Activities *						Total	
	Educational Program	Student Activities	Academic Enhancement	Media	Farm	Telecomm		Others
Revenues	\$ 1,105,849	\$ 1,076,678	\$ 4,218,476	\$ 275,364	\$ 50,108	\$ 178	\$ 1,169,982	\$ 7,896,635
Expenditures								
Personal services	1,254,646	270,753	44,420	349,077	-	-	185,776	2,104,672
Contractual services	282,576	340,697	648,661	120,846	3,006	-	272,432	1,668,218
Commodities	45,705	66,162	20,669	6,851	-	-	21,467	160,854
Equipment	15,934	14,349	343,646	107,311	-	-	13,787	495,027
Others	79,411	101,061	378,870	4,592	-	-	415,789	979,723
Total expenditures	1,678,272	793,022	1,436,266	588,677	3,006	-	909,251	5,408,494
Transfers								
Transfer out	(6,749)	-	(1,625,386)	(25)	-	-	(28,091)	(1,660,251)
Total transfers, net	(6,749)	-	(1,625,386)	(25)	-	-	(28,091)	(1,660,251)
Total expenditures and transfers	1,685,021	793,022	3,061,652	588,702	3,006	-	937,342	7,068,745
Excess (deficiency) of revenues over (under) expenditures and transfers	(579,172)	283,656	1,156,824	(313,338)	47,102	178	232,640	827,890
Fund balance, beginning of year, as previously reported	1,973,902	614,291	4,571,984	486,974	580,237	21,054	2,275,471	10,523,913
Reclassification **	(366,324)	16,424	-	85	-	-	-	(349,815)
Fund balance, beginning of year, as restated	1,607,578	630,715	4,571,984	487,059	580,237	21,054	2,275,471	10,174,098
Fund balance (deficit), end of year	<u>\$ 1,028,406</u>	<u>\$ 914,371</u>	<u>\$ 5,728,808</u>	<u>\$ 173,721</u>	<u>\$ 627,339</u>	<u>\$ 21,232</u>	<u>\$ 2,508,111</u>	11,001,988
Excess cash transferred to Income Fund								(2,454,036)
								<u>\$ 8,547,952</u>

* This Schedule only presents "Other Unrestricted Funds" for the Educational and Student Life Activities.

** Beginning of the year fund balances have been reclassified to agree to the University's accounting records. The University has reviewed and restructured some accounts.

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**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES**

	University Service Departments *			Total
	Business Services	Motor Pool	Mail Service	
Revenues	\$ 525,733	\$ 168,229	\$ 224,589	\$ 918,551
Expenditures				
Personal services	136,214	-	4,820	141,034
Contractual services	185,389	-	82,919	268,308
Commodities	281,703	-	942	282,645
Equipment	-	-	476	476
Others	2,971	43,741	132	46,844
Total expenditures	<u>606,277</u>	<u>43,741</u>	<u>89,289</u>	<u>739,307</u>
Excess (deficiency) of revenues over (under) expenditures and transfers	(80,544)	124,488	135,300	179,244
Fund balance (deficit), beginning of year	<u>75,069</u>	<u>(124,488)</u>	<u>(135,300)</u>	<u>(184,719)</u>
Fund balance (deficit), end of year	<u><u>\$ (5,475)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,475)</u></u>

* This Schedule only presents "Other Unrestricted Funds" for the University Service Departments Activities.

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**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES**

	<u>Administrative Overhead/Indirect Costs *</u>				<u>Total</u>
	<u>Grants and Contracts</u>	<u>Financial Services **</u>	<u>Financial Aid and Veterans Affairs</u>	<u>Other Activities</u>	
Revenues	\$ 445,045	\$ 15,432	\$ 16,648	\$ 25,899	\$ 503,024
Expenditures					
Personal services	51,840	885	15,203	8,698	76,626
Contractual services	136,963	-	750	-	137,713
Commodities	3,535	-	2,860	38	6,433
Others	33,498	-	-	8,691	42,189
Total expenditures	225,836	885	18,813	17,427	262,961
Excess (deficiency) of revenues over (under) expenditures	219,209	14,547	(2,165)	8,472	240,063
Fund balance (deficit), beginning of year	749,389	24,679	49,390	777,975	1,601,433
Fund balance (deficit), end of year	<u>\$ 968,598</u>	<u>\$ 39,226</u>	<u>\$ 47,225</u>	<u>\$ 786,447</u>	<u>\$ 1,841,496</u>

* This Schedule only presents "Other Unrestricted Funds" for the Administrative Overhead/Indirect Costs Activities.

** Formerly called Business Office

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Summary of Foundation Cash Support to the University

During Fiscal Year 2018, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University provided \$337,000 of services to the Foundation equal to the cost of the services the Foundation provided the University for the fiscal year ended June 30, 2018. In addition, the Foundation supported the University with funds considered to be unrestricted for purposes of the University Guidelines computations and other non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Foundation for the fiscal year ended June 30, 2018.

Funds considered unrestricted for purposes of the University Guidelines computations:

Restricted only as to campus, college or department and generally available for on-going University operations:		
- Given to a particular college	\$	2,229
- Given to a particular department		<u>223,952</u>
Total funds considered unrestricted		<u>226,181</u>

Funds considered restricted for purposes of the University Guidelines computations:

Given for Center for Performing Arts		483
Given for scholarships		<u>296,239</u>
Total funds considered restricted		<u>296,722</u>

Total funds provided to the University by the Foundation	\$	<u><u>522,903</u></u>
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**STATE OF ILLINOIS
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Schedule of Tuition and Fee Waivers

	Undergraduate				Graduate			
	Tuition Waivers		Fee Waivers		Tuition Waivers		Fee Waivers	
	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)	Number of Recipients	Value of Waivers (In Thousands)
<u>Mandatory Waivers</u>								
Teacher Special Education	-	\$ -	-	\$ -	10	\$ 63.7	10	\$ 16.0
DCFS	2	13.5	2	3.4	-	-	-	-
Children of Employees	24	59.7	-	-	-	-	-	-
Senior Citizens	12	35.3	-	-	8	20.1	-	-
Veterans Grants & Scholarships	119	465.4	119	116.3	68	273.0	68	68.3
Subtotal	<u>157</u>	<u>573.9</u>	<u>121</u>	<u>119.7</u>	<u>86</u>	<u>356.8</u>	<u>78</u>	<u>84.3</u>
<u>Discretionary Waivers</u>								
Faculty/Administrators	3	5.3	3	1.3	30	80.4	30	20.2
Civil Service	11	30.9	11	7.7	14	38.0	14	9.5
Academic/Other Talent	114	353.5	114	88.4	10	42.5	10	10.6
Athletics	51	161.6	51	40.4	3	8.2	3	2.1
Gender Equity in Intercollegiate Athletics	9	45.5	9	11.4	2	9.6	2	2.4
Foreign Students	-	-	-	-	15	78.4	15	19.6
Cooperating Professionals	-	-	-	-	2	1.2	2	0.3
Research Assistants	-	-	-	-	3	14.6	3	3.6
Teaching Assistants	-	-	-	-	15	65.6	15	16.4
Other Assistants	-	-	-	-	49	269.3	49	67.3
Interinstitutional	23	62.8	23	15.7	33	127.4	33	31.8
Subtotal	<u>211</u>	<u>659.6</u>	<u>211</u>	<u>164.9</u>	<u>176</u>	<u>735.2</u>	<u>176</u>	<u>183.8</u>
Total	<u>368</u>	<u>\$ 1,233.5</u>	<u>332</u>	<u>\$ 284.6</u>	<u>262</u>	<u>\$ 1,092.0</u>	<u>254</u>	<u>\$ 268.1</u>