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

Year Ended June 30, 2014

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

CliftonLarsonAllen

Randal Thomas, Chair   Springfield
Donna Manering, Vice Chair   Makanda
Don Lowery, Secretary   Golconda
Jesse Cler   Carbondale
Roger Herrin   Harrisburg

SOUTHERN ILLINOIS UNIVERSITY
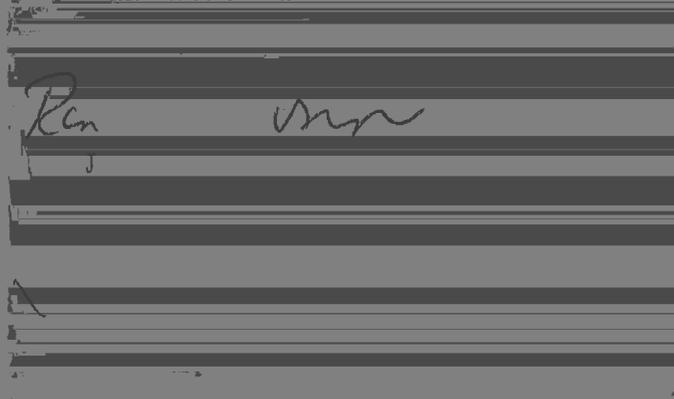
February 12, 2015

CliftonLarsonAllen LLP
301 SW Adams, Suite 1000
Peoria, IL 61602

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws,

Yours very truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs

Luke
Interim General Counsel

The compliance testing performed during this examination was conducted in accordance with *ÂÄÀÅÂBCÅBÇÁDEÉ¡¢BËÁËÇÐBÉÐÂÉ€* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF FINDINGS

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Findings	7	19
Repeated findings	5	6
Prior recommendations implemented or not repeated	14	9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FINDINGS (*Â FGH Í Í Î H Í ḮÀD Ì JK Ï̈K Í ẤŁ̀È ̈ÏD Í JD I JÈ*)

No Matters Were Reported.

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2014-001	17	Untimely National Student Loan Data System Reporting - Carbondale Campus	Significant Deficiency and Noncompliance
2014-002	19	Errors in Return of Title IV Calculations - Edwardsville and Carbondale Campuses	Significant Deficiency and Noncompliance
2014-003	21	Improper Review Procedures of Indirect Cost Calculations for TRIO Program - Edwardsville and Carbondale Campuses	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The University waived an exit conference in correspondence dated February 5, 2015 from Ms. Kimberly A. Labonte, Director of Internal Audit.

The responses to the recommendations were provided by Ms. Kimberly A. Labonte, Director of Internal Audit, in correspondence dated February 6, 2015.

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Honorable William G. Holland
Auditor General
State of Illinois

and

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 *ÂÄÀÅÃBCÅBℂÄDEÉℂ̧ℇℬℰ̈ÀÈℂ̧ĐℬÉĐÅℰ€* 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; and, accordingly, included examining, on a test basis, evidence about the University⎵s compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the University's compliance with specified requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2014. 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 2014-006 and 2014-007.   e

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Management of the 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 n 4

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 2014-006 and 2014-007, that we consider 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.

The University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees, University management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Peoria, Illinois
February 12, 2015

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

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Â ÄÀÅÂBCÅB¢Á DEÉ‡¢‡BËÁ È¢ÐBÉÐÂÉ€Á* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Southern Illinois University and the aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, w ! ‥ Ïö8

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

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Honorable William G. Holland

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal

Federal Agency: U.S. Department of Education
CFDA Number: Various
Program Name: Student Financial Aid Cluster
Questioned Costs: None Noted

Enrollment status changes were not reported to National Student Loan Data System (NSLDS) in a timely manner by the Carbondale campus.

The University is required to confirm and report to the NSLDS the enrollment status of students wh 8

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We recommend the University establish formalized review and reconciliation procedures regarding information submitted to NSLDS to meet reporting requirements and to ensure reporting is completed timely.

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Partially Implemented. The Registrar's Office and the Financial Aid Office are collaborating more aggressively to identify and correct SSN discrepancies among the various offices on campus. If the University identifies the need to change its enrollment records in regard to the SSN of a student, a mechanism has been established to ensure this correction is also made to Clearinghouse database.

In regard to the untimely submission of data to the NSLDS, the University is working with the Clearinghouse, its third party vendor, to identify the cause of the late submissions and develop a more effective submission schedule. The Registrar's Office is making plans to submit files to the Clearinghouse twice each month rather than once; on or about the 10th and the 25th, so that when the Clearinghouse receives the request for information from the NSLDS it will have the most recent information available from our University to submit.   It is our recent understanding from the Clearinghouse that it will forward, on a monthly basis, the most current data it has to the NSLDS upon request within 15 days; this second monthly submission from the University to the Clearinghouse will reduce the risk of late submission to the NSLDS. While we recognize that it is ultimately the University's responsibility to ensure timely submission of data to the NSLDS, there are many variables that contribute to achieving full compliance. However, we are committed to working with our vendor to establish a reliable process.

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We recommend the Center establish and implement an effective system of internal controls to perform

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Federal Agency: U.S. Department of Education
CFDA Number: 84.063
Program Name: Student Financial Aid Cluster
Questioned Costs: $1,411

The Edwardsville campus did not award the correct amount for the Pell grant to one student.

During our student file testing we noted one student out of 40 (3%) was not awarded the correct Pell Grant amount. The Student Financial Aid (SFA) department awarded a student $1,411 more than should have been allowed according to federal guidelines. The University mistakenly locked their Banner screen after the student reduced his course load to less than full-time, which caused there to be an over-award.

According to 34 CFR 690.63 students may qualify for a maximum Pell Grant award with a zero Expected Family contribution (EFC) and full-time enrollment status. Students with less than full-time enrollment or more than zero EFC are eligible for a reduced Pell award. The University should have awarded a Pell amount of $4,234 instead of $5,645, resulting in an over-award of $1,411.

According to University officials, the SFA advisor has to lock the Pell award in Banner when a student attends the summer semester and is available for aid. The advisor did not lock the Pell award for the year and when the student attended the Summer semester, it calculated the Pell award to be too high. The University has subsequently corrected the over-award.

Over-awarding Pell grants results in the inappropriate utilization of federal resources and could result in the University reimbursing the loss to the U.S. Department of Education. (Finding Code No. 2014-005)

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We recommend the Edwardsville campus implement policies and procedures to verify that students that are manually packaged are not over-awarded Pell grants.

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Implemented. This condition was the result of an error related to the manual packaging of student aid. Consequently, reports and a check and balance process have been developed and implemented that will help to identify any errors that manual packaging creates.

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The University does not have a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official University business to the nearest quarter hour as required by 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 IBHE adopted personnel policies for public universities on February 1, 2004, in accordance with the Act. However, the University has not incorporated IBHE policies into the University's policies.

We noted that the University's faculty did not submit timesheets in compliance with the Act. The process is effectively a "negative" timekeeping system for faculty whereby the employee is assumed to be working unless noted otherwise. No timesheets documenting the time spent each day on official State business to the nearest

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The Southern Illinois University School of Medicine - Center for Family Medicine (Center) improperly utilized the 2012 HHS federal poverty level guidelines to make a determination of the patient's eligibility for services provided under the Federal Qualified Health Center program for all applications sample tested from January 24, 2013 through June 30, 2013. (Finding Code No. 2013-010)

Status: Not Repeated

During the current examination period, the auditors' sample testing indicated that the University took corrective action and began using the correct 2013 HHS federal poverty level guidelines in August 2013.

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The Southern Illinois University School of Medicine – Center for Family Medicine (Center) was improperly writing off the patient's nominal fee charge required under the grant agreement for patients at or below 100 percent of the federal poverty level guidelines that also qualified for Medicaid. (Finding Code No. 2013-011)

Status: Not Repeated

During the current examination period, the auditors' sample testing indicated the University had corrected the error and implemented additional internal controls to help verify the fees being charged.

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The University had weaknesses regarding the security and control of confidential information. The University lacked University-wide procedures for the security and disposal of confidential information, and had not performed a comprehensive risk assessment. Additionally, we noted improper use of lockable bins and three security incidents that exposed data. (Finding Code No. 2013-012)

Status: Not Repeated

During the current examination period, the University had developed policies for the safeguarding confidential information. The University had also initiated inventories of electronic confidential information and efforts to secure electronic information. However, these tasks had not yet been completed.   Additionally, we found no incidents of inappropriately disposed confidential information. This finding is reported in the immaterial findings letter.

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The University had not ensured adequate administration controls were established over firewalls.   During our prior year review, we noted formal change management and patch management policies for firewalls did not exist, comprehensive reviews of firewall logs and configuration rules were not performed and several security configurations and alerts were not established. (Finding Code No. 2013-013)

Status: Not Repeated

During the current examination period, we noted the University established change management and patch management policies and procedures, performed monitoring and reviewing of networking devices, established notification procedures for security alerts, and procured a service to perform testing.

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The University had not established formal policies and procedures for performing and monitoring security administration activities to computer resources, including servers, databases, and operating systems. (Finding Code No. 2013-014)

Status: Not Repeated

During the current examination period, we noted the University had established formal policies and procedures for performing and monitoring security administration activities to computer resources. In addition, a two factor authentication was implemented for staff, such as security administrators.

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Southern Illinois University's internal controls designed to safeguard cash failed to timely identify two instances of theft. (Finding Code No. 2013-017)

Status: Not Repeated

During the current examination period, the auditors' sample testing did not reveal any instances in which the University's internal controls over cash failed to identify or detect theft on a timely basis.

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Southern Illinois University (University) did not report automobile accidents to the Department of Central Management Services (DCMS) on a timely basis. (Finding Code No. 2013-018, 12-14)

Status: Not Repeated

During the current examination period, the auditors' sample testing we

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Southern Illinois University (University) did not prepare High School Feedback System reports

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