

LEGISLATIVE AUDIT COMMISSION



Review of
Eastern Illinois University
Year Ended June 30, 2012

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REVIEW: 4414
EASTERN ILLINOIS UNIVERSITY
YEAR ENDED JUNE 30, 2012

FINDINGS/RECOMMENDATIONS - 16

ACCEPTED - 5
IMPLEMENTED - 11

REPEATED RECOMMENDATIONS - 3

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 8

This review summarizes the reports of Eastern Illinois University for the year ended June 30, 2012, filed with the Legislative Audit Commission March 28, 2013. The auditors performed a financial audit and compliance examination in accordance with *Government Auditing Standards*, the requirements of the federal Single Audit Act, and OMB Circular A-133. The auditors stated that the financial statements were fairly presented.

Eastern Illinois University is a comprehensive, regional service institution located in Charleston, Illinois. Established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. The University's Board of Trustees is appointed by the Governor. Included in the University's Strategic Plan are six goals and actions below:

- Provide students with rigorous, relevant curricula and personal attention.
- Become increasingly diverse, globally aware and globally connected.
- Explore emerging technologies.
- Become a regional economic development partner and cultural center.
- Ensure financial sustainability.
- Take pride in the University's accomplishments and the successes of students, faculty, staff and alumni.

Dr. William L. Perry became President on July 1, 2007. He was President during the audit period and he remains President. Dr. Perry had no previous association with EIU.

University employment, full-time equivalent, is described in the following table.

	FY12	FY11
Faculty/Administrative	910	950
Civil service	754	774
Student employees	290	238
TOTAL	1,954	1,962

General Information

The table below describes the net assets and liabilities of the University.

Assets	FY12	FY11
Total current assets (cash, receivables, inventories, etc.)	\$ 85,344,704	\$ 82,140,119
Total noncurrent assets (endowments, investments, etc.)	302,895,206	301,338,880
Total Assets	\$ 388,239,910	\$ 383,478,999
Liabilities		
Total current liabilities (accts payable, deferred revenue, etc.)	\$ 27,758,210	\$ 30,201,531
Total noncurrent liabilities (long-term liabilities, loan refunds)	132,435,583	140,263,733
Total Liabilities	\$ 160,193,793	\$ 170,465,264
Net Assets		
Invested in capital assets, net	\$ 173,206,950	166,087,461
Restricted (scholarships, dept uses, loans, etc.)	6,848,567	4,974,819
Unrestricted	47,990,600	41,951,455
Total Net Assets	\$ 228,046,117	\$ 213,013,735
Total Liabilities and Net Assets	\$ 388,239,910	\$ 383,478,999

Full-time equivalent (FTE) enrollment information was:

	<i>Fall 2012</i>	<i>Fall 2011</i>
<i>Undergraduate</i>	8,879	9,281
<i>Graduate</i>	1,157	1,230
<i>Extension</i>	1,142	1,119
<i>Total enrollment</i>	11,178	11,630
<i>Full-time equivalent students</i>	9,797	10,248
<i>Cost per FTE</i>	\$ 12,296	\$ 11,484

Expenditures from Appropriations

Appendix A presents a summary of appropriations and expenditures for the period under review. The General Assembly appropriated a total of \$47,838,431 to Eastern Illinois University in FY12. Appropriations were from the following funds: \$46,869,200 from the Education Assistance Fund; \$957,231 from the Capital Development Fund; and \$12,000 from the State College & University Trust. Total expenditures were \$48,389,336 in FY11 compared to \$46,286,518 in FY12, a decrease of \$2.1 million, or 4.3%. The decrease was

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due to fewer expenditures from the Capital Development Fund in FY12. Expenditures from the Income Fund were \$65.1 million in FY11 and \$68.1 million in FY12, an increase of \$3 million, or 4.6%.

Revenues, Expenses and Changes in Net Assets

The table appearing in Appendix B presents a statement of revenues, expenses and changes in net assets at June 30, 2012 and 2011. In FY12, operating revenues, or those that generally result from exchange transactions, were \$143.3 million. The University's operating expenses were \$246.3 million and nonoperating revenues were \$117.4 million. The increase in net assets from FY11 to FY12 was \$15 million.

The chart appearing below shows operating revenues by source for FY12 and FY11:

Revenues	FY12	FY11
Tuition and fees, net	58.6%	56.4%
Auxiliary enterprises	32.1%	33.3%
Grants and contracts	4.7%	5.1%
Other operating revenues	4.6%	5.2%

The following chart indicates operating expenditures by type for FY12 and FY11:

Expenditures	FY12	FY11
Instruction, student aid, student services	56.7%	53.9%
Auxiliary enterprises	14.1 %	14.4%
Operations, maintenance, depreciation	12.4%	12.5%
Institutional support	6.7%	8.6%
Academic support	6.6%	6.7%
Research & public service	3.5%	3.9%

Accounts Receivable

Appendix C provides a summary of the University's accounts receivable for FY12 and FY11. Not included are student loan accounts receivable. Total net accounts receivable increased from \$13.1 million in FY11 to \$13.4 million in FY12. The majority of the receivables relate to amounts due for student accounts for tuition and fees and room and board. About \$10 million is over one year past due for FY12, with another \$1.5 million between 181 days and one year past due.

Property and Equipment

Appendix D summarizes the changes in property and equipment. Net capital assets at the end of FY12 was \$294.5 compared to a beginning balance at of \$292.8 million. Most of the additions were due to construction in progress and building and building improvements.

Foundation Payments to the University

During FY12 and FY11, the University was under contract with the Foundation to provide fund raising services. As provided in the contract, the University advanced \$222,236 to the Foundation during the year ended June 30, 2012. Although not required by contract, the Foundation fully repaid the University for these advances. In addition, the Foundation gave the University funds which are considered restricted. During FY12 the Foundation gave the University a total of \$3.6 million, which compares to about \$2.3 million for FY11. The majority of funds provided to the University were restricted as to college, department, scholarship or grant. Appendix E provides a summary of all funds that the Foundation gave the University during the audit period.

Tuition and Fee Waivers

During FY12, Eastern Illinois University granted \$8,843,500 in tuition and fee waivers to 2,309 recipients. Mandatory waivers totaled \$2.3 million and discretionary waivers granted pursuant to University policy totaled \$6.4 million. This compares to \$9.4 million in tuition and fee waivers granted one year earlier (FY11). Appendix F presents a summary of tuition waivers for the period under review.

Accrued Vacation and Sick Pay

Eastern Illinois University's liability, as of June 30, 2012, was \$5,928,980 for accrued vacation, \$5,466,950 for accrued sick pay, and \$86,355 for compensatory time off, which represents a total liability of \$11,482,285. This compares to a total liability of \$12,958,444 for one year earlier (June 30, 2011).

Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations presented in the audit report. There were three repeated recommendations. The following recommendations are classified on the basis of updated information provided by Paul McCann, Director of Business Services and Treasurer, Eastern Illinois University, via electronic mail on January 27, 2014.

Accepted or Implemented

1. Capitalize interest cost in accordance with generally accepted accounting principles.

Finding: Eastern Illinois University (University) did not properly capitalize interest costs incurred related to the construction of the University's Renewable Energy Center.

In November 2009, the University began construction on the Renewable Energy Center to replace the University's steam plant. While the Renewable Energy Center produced some steam to support campus operations during FY12, the Renewable Energy Center was not functioning as designed or intended. The University has been working with the University's contractor to identify and remedy issues preventing the Renewable Energy Center from operating at full capacity.

During testing, the auditors noted the University properly recorded the Renewable Energy Center as construction in progress as it was not ready for its intended use; however, the University did not capitalize corresponding interest costs of \$2,011,486 incurred during FY12.

University personnel stated they chose not to capitalize interest costs incurred during the fiscal year as they viewed not capitalizing these costs as a more conservative accounting practice.

Response: Implemented. The University has complied with the auditor's recommendation. We have recorded an adjustment to our fiscal year 2012 ledger.

2. Account for the activities of the University's Student Self-Insurance Health Plan on the accrual basis of accounting.

Finding: The University administers a self-insured health plan for students funded by fees paid by the users of the plan. However, the University accounted for expenditures related to this health plan on the cash, rather than the accrual, basis of accounting.

The auditors analyzed FY12 expenditures paid between July 1, 2012 through October 16, 2012, noting unrecorded self-insurance claims payable and a resultant understatement of self-insurance expense by \$128,018. University personnel stated the errors were due to oversight.

Updated Response: Implemented. The University has complied with the auditor's recommendation.

Accepted or Implemented – continued

- 3. Enhance controls over student aid verification to ensure supporting documentation submitted by students agrees with information on the Institutional Student Information Report to minimize the risk of inaccurate awards of student financial aid. Further, “lock” the Institutional Student Information Report following completion of verification procedures. (Repeated-2011)**

Finding: The University did not ensure information submitted by students applying for financial aid was properly verified to ensure accurate information was reflected on the Institutional Student Information Report (ISIR).

During verification testing, the auditors noted the following:

- For three of 60 students tested, the information within the ISIR did not match the verification documentation provided by the students and/or the student’s parents. As a result, each student’s Expected Family Contribution should have been increased, reducing the total aid provided to the students by \$800.
- For one of 60 students tested, the University did not “lock” the ISIR following completion of the verification process. As the ISIR was not “locked”, the University allowed the student to make changes to the student’s ISIR after verification, but prior to the packaging of the student’s financial aid award.

According to University personnel, discrepancies in the information were due to human error.

Response: Accepted. The University will work to enhance procedures involved in student aid verification. The University has corrected the specific errors mentioned above.

- 4. Establish and use written policies and procedures for the financial aid verification process, as required.**

Finding: The University’s Office of Financial Aid did not establish and use written policies and procedures for the verification process.

When a student applying for financial aid is selected for verification, the student is required to provide supporting documentation to the University to verify information provided by the student during the application process for accuracy.

During testing, the auditors noted the University’s verification policies did not establish:

- a time period within which an applicant must provide verification information to the University; or

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- any consequences for an applicant's failure to provide the required supporting documentation within the time period established by the University.

Further, the University's policies did not include a procedure for disseminating information regarding an applicant's responsibilities regarding the verification process.

According to University personnel, the University's rolling admissions policy enables students to apply for admissions throughout the year. To accommodate this policy, the University determined it was unnecessary to set deadlines for the submission of verification information by students.

Updated Response: Implemented. The University has adopted written procedures for verifying information provided by applicants.

5. **Implement controls to ensure all separated students with Perkins Loans undergo exit counseling, which includes counseling by mail for students who separate from the University without providing appropriate notification. Further, the University should implement controls to place holds on a student's account if the student does not complete exit counseling.**

Finding: The University did not have a comprehensive process in place to conduct exit interviews with departing students with a Perkins loans.

During testing, the auditors noted two of 44 students with Perkins loans separated from the University without completing exit counseling. In following up on this matter with University officials, the University reported the two noted students did not complete exit counseling because they had separated from the University without giving notice to the University. The auditors noted the University did not:

- provide timely exit counseling documentation to the student by mailing materials to the last known address of the student; or,
- place a hold on the student's account to prevent future activity without first fulfilling the student's exit counseling obligations.

University personnel stated the errors were due to oversight.

Updated Response: Implemented. Both instances identified where unusual. Procedures for handling Perkins Loans were reviewed. No instances of noncompliance were noted in FY2013.

Accepted or Implemented – continued

6. Require graduate assistants to complete time cards or other documentation with the student's supervisor certifying the student worked and earned the amount paid.

Finding: The University did not require graduate assistants receiving Federal Work-Study funds complete time records to substantiate payroll expenditures.

During testing, the auditors noted four of 40 students tested receiving Federal Work-Study funds employed as graduate assistants did not complete time cards or other documentation to substantiate hours worked. In addition, the auditors noted supervisory approval of hours worked was not documented.

University personnel stated the University's undergraduate students did not use all of the available Federal Work-Study funding during FY12, so the University paid graduate assistants from these federal funds. As the University did not have previous experience paying graduate assistants from Federal Work-Study funds, the University – through oversight – did not require time cards from the graduate assistants.

Response: Implemented. If graduate students are provided Federal Work-Study funds in the future, time reporting will be required.

7. To safeguard equipment and information:

- **perform a detailed assessment to determine if any of the missing computers contained confidential information;**
- **review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers;**
- **establish procedures to immediately notify security personnel of any missing or stolen computers to allow them to assess if a computer may have contained confidential information and document the results of the assessment; and,**
- **ensure confidential information is adequately secured with methods such as encryption or redaction.**

Finding: The University was unable to locate 36 computers, five external hard drives, and one flashdrive during their annual inventory. These items were deemed by the University to have been lost or stolen during FY12, totaling \$58,432.

During testing, the auditors noted the University had not protected its computers with encryption software, thus increasing the risk that confidential information could be exposed. In addition, the University did not perform a detailed assessment and therefore was unable to assess whether the missing computers contained confidential information.

Updated Response: Accepted. We have subsequently located 17 of the 36 computers. We have performed a detailed analysis of what data was stored on the machines that could not be located. We have implemented procedures to notify security personnel of missing or stolen computers and we are working on identifying procedures that will allow data to be adequately secured through encryption or redaction without hampering University operations.

8. Establish and maintain a system of internal controls to monitor covered student compliance with the College Student Immunization Act. Identify noncompliant students and preclude them from enrolling in subsequent academic terms, accurately report summary information to the Department of Public Health, and provide sufficient audit trails for accountability.

Finding: The University had weaknesses in the University's internal controls over compliance with the College Student Immunization Act. The Act imposes specific duties and responsibilities on higher education students and institutions within the State of Illinois, including the following:

During testing, the auditors noted the following internal control weaknesses:

- The summation of the total students by category reported on the form did not agree to the total number of reported students, as noted in the chart on the preceding page. The University was unable to provide a reconciliation of the difference to the auditors.
- The University provided the auditors with a listing of new students enrolled for Fall 2011 (2,268) that did not agree with the number of new covered students first enrolled in Fall 2011 reported to the Department of Public Health (2,386). The University was unable to provide a reconciliation of the difference to the auditors.
- The data reported for noncompliant covered students contains discrepancies. Specifically, the 458 new students should represent a minimum number for the number of noncompliant covered students across the entire covered student population. The University, however, only reported a total population of 116 noncompliant covered students.

In discussing this matter with the University's Health Services officials, it was determined the University incorrectly completed the form and the 116 noted total students were actually the University's non-freshmen students who were not in compliance with the Act.

Updated Response: Implemented. The University has corrected the reporting procedures used and believes that future reports will be prepared correctly. Copies will be retained for the auditors to review.

Accepted or Implemented – continued

9. Implement controls to ensure scholarship awards from appropriated funds are lawfully incurred prior to seeking reimbursement from the State Treasury.

Finding: The University improperly used funds appropriated by the General Assembly.

During FY12, the University received an appropriation “\$12,000, or so much thereof as may be necessary” from the State College and University Trust Fund for scholarship grant awards.

During testing, the auditors noted the University awarded scholarships contingent upon the student enrolling at the University. Only one scholarship recipient of \$1,000 ultimately enrolled in the University. However, the University had already submitted an invoice voucher to the Comptroller for the entire \$12,000 and deposited the cash receipts.

The auditors noted the following noncompliance:

- The University did not expend \$11,000 of appropriated funds drawn from the State Treasury for scholarships within FY12.
- The University submitted an invoice voucher for scholarship expenditures not incurred as of the date of the submission to the Office of the State Comptroller.
- The University did not return the overpayment of \$11,000 not expended during FY12 or previous fiscal year overpayments on scholarships to the State College and University Trust Fund within the State Treasury.

Updated Response: Implemented. The University has returned the unused funds and, in the future, will not draw down funds until expended.

10. Provide a full accounting of all unfound property during the annual inventory check to the Administrator, including all items classified as unfound after the completion of the annual inventory check.

Finding: The University did not accurately report the results of the University’s annual physical inventory check to the Director of the Department of Central Management Services (Administrator).

During testing, the auditors noted the University certified to the Administrator that the University was able to locate all equipment items identified as either a high theft item or an item with an acquisition cost of \$500 or more during the annual inventory check.

In following up on this matter, University officials reported to the auditors there were actually 104 pieces of unfound equipment items valued at \$121,502, which includes the lost or stolen

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computer equipment. According to an official within the University's Business Office, the University did not report these items as unfound because the University prepared and submitted deletion requests for the unfound inventory prior to submitting the annual report to the Administrator, allowing the University to report there were no missing or unfound inventory items.

Updated Response: Implemented. During FY2013, the University reported all unfound items noted during the annual inventory in the report provided to the Director of the Department of Central Management Services.

11. Implement controls to identify exempt contracts, publish notice of contracts in the Illinois Public Higher Education Procurement Bulletin, and file required reports with the Chief Procurement Officer.

Finding: The University did not comply with certain requirements of the Illinois Procurement Code. During testing, the auditors noted the following:

- The University did not give notice after December 20, 2011 within the Illinois Public Higher Education Procurement Bulletin or provide a monthly summary report to the Chief Procurement Officer after entering into any contract paid for by any source of University funds for the following exempted goods or services:
 - 1) memberships in professional, academic, or athletic organizations on behalf of the University as a whole, an employee, or a student;
 - 2) events or activities paid for exclusively by revenues generated by the event or activity, gifts or donations for the event or activity, private grants, or any combination thereof; or
 - 3) events or activities for which the use of specific vendors is mandated or identified by the sponsor of the event or activity, provided that the sponsor is providing a majority of the funding for the event or activity.
- The University did not have a process to track the award of contracts for either:
 - events or activities paid for exclusively by revenues generated by the event or activity, gifts or donations for the event or activity, private grants, or any combination thereof; or,
 - events or activities for which the use of specific vendors is mandated or identified by the sponsor of the event or activity, provided that the sponsor is providing a majority of the funding for the event or activity.

According to University officials, the University did not implement the changes due to oversight.

Updated Response: Implemented. The University had previously received a different verbal opinion regarding the proper means for complying with the Code from legal counsel.

Accepted or Implemented – continued

After receiving the Auditor General's interpretation of the Code, the University personnel immediately changed their procedures.

12. Regarding vehicle use and control:

- **collect, maintain, and review odometer readings on a regular basis to provide assurance University-owned vehicles are being properly used and whether each vehicle can be justified as the most cost effective solution for the University's specific operational needs;**
- **adopt a policy and implement internal controls to ensure all University vehicles undergo regular service and/or repair;**
- **ensure all University-owned vehicles display the proper special registration plate (U-plate) as required by State law;**
- **ensure all employees assigned a specific University-owned or University-leased vehicle file the annual certification with the University President as required by State law; and,**
- **timely update the University's operable vehicle listing.**

Finding: The University did not exercise adequate internal control over its vehicles. At June 30, 2012, the University reported owning 201 operable vehicles and seven dealer cars loaned to the University for athletic coaches. During testing, the auditors noted the following:

- The University does not collect and maintain odometer readings on a regular basis for University-owned vehicles. As a result, the University was unable to perform an analysis of vehicle usage to ensure vehicle usage by employees is reasonable and whether maintaining each vehicle can be justified as the most cost effective solution for the specific operational needs of the University.
- The University does not have a policy in place requiring all University-owned vehicles to undergo regular service and/or repairs in order to maintain the vehicles in a road worthy and safe operating condition.
- During University-owned vehicle maintenance testing, the auditors noted:
 - one of 25 vehicles tested, a 2006 Ford Taurus, was driven 32,651 miles over 675 days between regular maintenance events; and,
 - three of 25 vehicles tested, including two 1995 Buick Wagons and a 1994 Ford Aerostar, did not have any recorded odometer readings during FY12 or any vehicle maintenance records. According to University officials, these vehicles were either traded or disposed of by the University; however, they appeared in the operable vehicle listing and not on the "Traded/Disposed of" vehicle listing at June 30, 2012.

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- The University did not ensure all University-owned vehicles were identified by a special registration plate (U-plate). During testing, the auditors noted the following:
 - The University's School of Family and Consumer Sciences received a federal grant through the State of Illinois, Department of Human Services, to operate the Child Care Resource and Referral program. Using these federal funds, the University obtained:
 - vanity plates with the initials of the program on a 2000 Dodge van used by the program; and,
 - regular State license plates on a 2006 Ford van used by the program.
 - The University has a 1983 Chevrolet C-30 bus with M-plates, which is used for transporting handicapped individuals.
- The University President received five annual certifications from employees assigned to a specific University-owned or University-leased vehicle on an ongoing basis. During testing, the auditors noted the following:
 - Three of five individuals filing certifications for an assigned vehicle did not agree with the user of the vehicle as recorded on the University's operable vehicle listing.
 - The auditors noted seven vehicles classified as "loaner" vehicles on the University's operable vehicle listing assigned to specific individuals; however, these individuals did not file an annual certification with the University President.
- The University did not timely update the University's operable vehicle listing. The auditors noted two vehicles listed as "to be junked" at June 30, 2012 that had actually been sold to a scrap dealer in 2009 and 2010 with the approval of the Department of Central Management Services.

Response: Accepted. The University maintains odometer readings on all vehicles for which maintenance is done by the University's staff. Some departments elect to have maintenance done outside of the University and, currently, those departments are responsible for monitoring vehicle usage and obtaining necessary maintenance. We will change our procedures so that one office is responsible for collecting odometer readings and monitoring vehicle usage for all University vehicles. The use of license plates will be corrected and annual insurance certifications will be obtained.

Updated Response: Accepted. We have attempted to correct all issues identified. In FY13, two vehicles were identified that did not have adequate maintenance records maintained. The University will continue to work on improving its controls over its vehicles.

Accepted or Implemented – continued

13. Implement controls to monitor the activities of the State University Risk Management Association (SURMA) and properly account for its participation in SURMA in accordance with Generally Accepted Accounting Principles. (Repeated-2011)

Finding: The University did not accurately account for its participation in the State University Risk Management Association (SURMA).

During testing, the auditors noted the University failed to appropriately record the University's share of excess capital contributions to SURMA, electing to record the excess capital contributions at last fiscal year's amount of \$729,712 instead of this fiscal year's amount of \$686,692. As a result of this error, the University's assets are overstated by \$43,020 and the University's insurance expense is understated by \$43,020.

University officials stated SURMA's financial audit was not available when the University prepared its FY12 financial statements; therefore, the University did not adjust its share of the excess capital contributions to SURMA at June 30, 2012.

Updated Response: Implemented. The University has recorded the appropriate information in the FY13 financial statements.

14. Review the activities of accounting entities and ensure that fees charged for services are sufficient to cover expenditures and ensure that subsidies between accounting entities do not occur.

Finding: The University had subsidies between accounting entities during FY12. During testing of the University Guidelines, the auditors noted the following entities with negative cash balances at the beginning and end of FY12 (a negative cash balance is – in effect – an unbooked interfund payable/receivable), thereby causing a subsidy between funds to occur:

- Outdoor Education
- Geology Field Studies Even
- Biological Science Field Trips

According to University officials, the University has a different interpretation of the requirements of the University Guidelines.

Updated Response: Implemented. The University agrees that fees charged for services should be adequate to cover expenditures incurred in providing those services. The University believes that it has remedied the issue of subsidies within the Unique Charges Entity in FY2013.

15. Implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose time spent on these activities in accordance with State law.

Finding: The University did not always ensure compliance with the University Faculty Research and Consulting Act. During testing, the auditors noted the following:

- Six of nine Approval for Outside Employment request forms submitted by five tested faculty members during FY12 were approved by the University's Provost between four to 249 days late.
- Three of five faculty members approved for outside employment tested did not file a complete annual statement of the amount of time actually spent on six outside employment cases with the University's Provost.
- One of five faculty members approved for outside employment did not complete an annual statement of the amount of time actually spent on one outside employment case with the University's Provost.

According to University officials, the noted errors were due to oversight.

Updated Response: Accepted. Faculty members are regularly reminded of the requirements of the Act but obtaining compliance in all situations has been difficult. We continue to work with the faculty to obtain full compliance.

16. Revise the policy and require all employees submit time sheets in compliance with State law. (Repeated-2005)

Finding: The University did not require positive time reporting for all employees in compliance with the State Officials and Employees Ethics Act.

During testing, the auditors noted the University only requires positive time reporting for non-faculty employees. Faculty employees are required to certify that they have met their work schedule obligations as set forth in their individual Assignment of Duties Form; however, they do not report their time to the nearest quarter hour in accordance with the Act.

According to University officials, faculty members work in accordance with their contract. The contract defines faculty responsibilities in terms of credit units; therefore, faculty members report that they worked in accordance with their contract.

Updated Response: Accepted. The University has a system that allows employees to document time spent on official State business in accordance with the State Officials and Employees Ethics Act. However, faculty members, in accordance with their union contract, use the system to document that they have worked in accordance with the contract. We continue to work with the faculty to obtain compliance.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, “It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts....” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY12, the University filed no affidavits for emergency purchases.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

Eastern Illinois University indicated that as of July 2012, 118 employees were assigned to locations other than official headquarters.