

DRAFT

**Chicago State University Special Audit Committee Meeting Minutes
June 8, 2007
Academic Library – Archives Room, 4th Floor
9:35 a.m. – 11:10 a.m.**

Members Present

Mr. Jim Reynolds, Chairman
Mr. Jacoby Dickens, Member
Rev. Leon Finney, Jr., Ph.D.
Rev. Richard Tolliver, Ph.D., Member
President Elnora D. Daniel, Ex-Officio
Ms. Betsy Hill, Ex-Officio
Dr. Alan Robertson, Ex-Officio

Others Present

Ms. Nancy Hall-Walker, Vice President for Labor and
Legal Affairs
Dr. Erma Brooks Williams

Call to Order

Chairman Jim Reynolds called the Special Audit Committee Meeting to order. The roll was taken and a quorum was verified.

Meeting Notice Requirement

Dr. Erma Brooks Williams verified that the meeting notice was posted 72 hours before the meeting as mandated by the Illinois Open Meetings Act.

Chairman Reynolds noted that the 2006 Audit Findings reported by the Illinois Auditor General were material findings from an accounting perspective; however, the twelve findings were insignificant regarding fraud or theft. On the contrary, they were serious enough to convene a Special Audit Meeting and recommended that the University needs to do better with record documentation. Dr. Alan Robertson responded to all of the findings.

Finding #1

This finding found that the University was missing data for some grants. Dr. Robertson indicated that there was a communication problem between Sponsored Programs and Accounting. To address this issue, a new accountant will be hired to oversee this area.

Finding #2

There were reportings of inaccurate accrued absences. An automated process utilizing the Banner system will be put in place in eight months to a year to address this problem.

Finding #3

There was inaccurate documentation of a 1980 federal Nursing Program grant. This finding will be written off; however, the required documentation will be attached before processing of future payments. On-going training of all personnel is also being put in place to address this finding.

Finding #4

There was an overpayment of student financial aid. Dr. Robertson indicated that there was a communication issue. New staff will be hired by the Office of Financial Aid to monitor the need base and merit base awards.

Finding #5

There were inadequate documents related to employees travel and the use of the university credit card. The Board Committee urged the University to improve controls. Dr. Robertson informed the Board members that a documentation checklist would be implemented to ensure submission of documentation. Training of the President's staff is underway. In the future, no liquor will be charged. Members also expressed concerns about IRS regulations related to the CEO.

Finding #6

This finding related to internal control of contract payments made to the Foundation. Documentation was submitted after work had been completed. There has been a decentralization of contract approval. Training will be conducted to help address the problem.

Finding #7

Time sheets were not maintained in compliance with the State Ethics Act. As indicated previously, this process will be automated.

Finding #8

There were problems related to travel and reimbursement expenses. In order to ensure oversight and monitoring, the President and Vice Presidents will submit quarterly travel reports to the Board of Trustees for review.

Finding #9

There was inaccurate property control of assets over \$100. To address this problem, an external inventory firm will be hired to conduct a comprehensive property control system.

Finding #10

There was a failure to report taxable fringe benefits. The Vice President for Administrative Affairs is adjusting the President's W-2s.

Finding #11

There was a failure to file contracts with the State. The Office of Purchasing will ensure filing of all future appropriated contracts over \$5,000 and non-appropriated contracts over \$10,000.

Finding #12

There was non-compliance of contractual service regulations for the Office of International Programs. The Office of International Programs is establishing policies related to equipment.

Lastly, Chairman Reynolds noted that we all have worked hard to make the University a world-class university. It is critical that a high-class education is ensured for students. However, in 2007, there will likely be repeat findings until all of these findings are addressed.

ACTION ITEM

Trustee Tolliver moved to recommend to the full Board the approval of the Audit Charter. Trustee Dickens seconded the motion. The motion passed as follows:

Ayes: 3
Nays: 0

Public and Employee Comments

There were no public and employee comments.

Recess into Executive Session

The Board recessed into Executive Session at 10:42 a.m. The minutes were taped and video recorded.

Reconvened into Open Session and Adjournment

The committee reconvened into regular session at 11:09 a.m. and adjourned at 11:10 a.m.