

MEETING OF THE BOARD OF TRUSTEES
OF THE
UNIVERSITY OF ILLINOIS

December 20, 1954



The December meeting of the Board of Trustees of the University of Illinois was held in the Directors' Room of the First National Bank of Chicago, on Monday, December 20, 1954, beginning at 10:30 a.m.

The following members were present: Mr. Cushman B. Bissell, Mrs. Doris S. Holt, Mr. Wayne A. Johnston, Mr. Park Livingston, Mr. H. B. Megran, Mr. Vernon L. Nickell, Mrs. Frances B. Watkins. Messrs. Harold E. Grange, Wirt Herrick, Robert Z. Hickman, and Governor William G. Stratton were absent.

Also present were President Lloyd Morey, Provost Henning Larsen, Mr. Ralph F. Lesemann, Legal Counsel, Mr. J. F. Wright, Director of Public Relations, and the officers of the Board, Messrs. H. O. Farber, Comptroller, C. W. Weldon, Treasurer, and A. J. Janata, Secretary.

EXECUTIVE SESSION

When the Board convened, an executive session was requested for consideration of the following matters of business presented by the President of the University.

CLOSING ILLINOIS STREET

To complete the acquisition of land for the site for the proposed Biology Building on the Urbana campus, the University must (1) acquire the property at 1208 West Illinois Street, (2) reroute the alley now extending from Illinois Street to California Avenue in the block between Mathews and Goodwin Avenues, and extinguish any possible easement which any private property owners may possess in the alley, and (3) make payments to the city of Urbana required for vacation of Illinois Street between Mathews and Goodwin Avenues.

The University has attempted to negotiate the purchase of 1208 West Illinois Street and to extinguish the possible easement of private property owners in the alley. Difficulties have been encountered in both negotiations, which may necessitate condemnation proceedings.

The city of Urbana desires that the University make some of the payments it has agreed to make, which would be an advantage to the University in reduction of interest cost. A partial payment is also desirable as it may prevent repealing or amending the ordinance vacating Illinois Street previously passed by the City Council.

If payments are made to the city of Urbana, and the University fails in its negotiations to acquire 1208 West Illinois Street and to extinguish the easement, the University may find it necessary to enter into condemnation proceedings to acquire the property and to ascertain through litigation if an easement exists, to protect its situation resulting from such payments.

This fact is reported to the Board to make certain that there is no objection to the anticipated condemnation proceedings.

On motion of Mr. Bissell, the Board gave its assent to this program, as outlined above, for the acquisition of the land needed for a new Biology Building.

**ELECTION OF DR. DAVID DODDS HENRY AS
PRESIDENT OF THE UNIVERSITY**

Pursuant to the action of the Board of Trustees at its meeting on November 29, 1954, extending to Dr. David Dodds Henry, Executive Vice-Chancellor of New York University, an invitation to become President of the University of Illinois, and following Dr. Henry's announcement of acceptance, the Secretary of the Board sent him the following formal notice of his election:

December 9, 1954

DR. DAVID D. HENRY
2 Fifth Avenue
New York 11, New York

DEAR DR. HENRY:

The Board of Trustees of the University of Illinois has elected you President of the University of Illinois at a salary of \$30,000 a year, to serve at the pleasure of the Board beginning September 1, 1955. In addition you will have the use of the President's House and automobile which are provided for the convenience of the University.

May I have your formal acceptance for my files and for communication to the Board?

Respectfully yours,
A. J. JANATA
Secretary, Board of Trustees

The Secretary has received the following formal acceptance:

NEW YORK UNIVERSITY
WASHINGTON SQUARE
NEW YORK 3, NEW YORK

EXECUTIVE VICE-CHANCELLOR

December 14, 1954

DEAR MR. JANATA:

I acknowledge receipt of your letter of December 9, officially informing me of my election to the Presidency of the University of Illinois, effective September 1, 1955.

I accept the appointment under the terms set forth in your letter.

While this is a formal acceptance, I would have the record show that I am mindful of the honor conferred upon me by this appointment and of the responsibilities which it entails. I appreciate the confidence of the Board of Trustees and pledge to do all in my power to fulfill the duties, obligations and opportunities of the office.

Sincerely,

DAVID D. HENRY

MR. A. J. JANATA
SECRETARY, BOARD OF TRUSTEES
THE UNIVERSITY OF ILLINOIS
URBANA, ILLINOIS

This report was received for record.

SERVICES OF AUXILIARY COMMITTEES ON THE SELECTION OF A PRESIDENT OF THE UNIVERSITY

On motion of Mr. Johnston, the Secretary of the Board was instructed to express to the Committees of the University Senate, the Alumni Association, and representatives of the Citizens Committee appointed to assist the Board of Trustees in the selection of a President of the University the appreciation of the Board for their excellent services.

APPROPRIATION TO BOARD OF TRUSTEES OFFICE

Assignments of funds have been made to the Board of Trustees Office (\$2,000 in 1953 and \$2,500 in 1954) for the expenses of the Committee on the Selection of a President of the University. These funds have been used largely for the travel expenses of members of this Committee and of auxiliary committees of the University Senate and the Alumni Association who have been assisting the Board of Trustees. The funds were exhausted some time ago and it has been necessary to charge all expenses for this purpose to the general office account.

The Secretary requests a supplementary assignment of \$2,000 to the Board of Trustees Office to make up for these charges and to pay for charges still outstanding.

On motion of Mrs. Holt, this assignment of funds was made by the following vote: Aye, Mr. Bissell, Mrs. Holt, Mr. Johnston, Mr. Livingston, Mr. Megran, Mr. Nickell, Mrs. Watkins; no, none; absent, Mr. Grange, Mr. Herrick, Mr. Hickman, Mr. Stratton.

OPEN SESSION

At 11:00 a.m. the Board convened in open session. The same members of the Board, officers of the University, and officers of the Board as recorded at the beginning of these minutes were present.

BUSINESS PRESENTED BY THE PRESIDENT OF THE UNIVERSITY

The Board considered the following reports and recommendations from the President of the University.

APPOINTMENTS TO THE FACULTY

(1) The following new appointments to the faculty of the rank of Assistant Professor and above, and involving tenure, have been approved since the previous meeting of the Board of Trustees.

1. HARRY A. BLISS, Assistant Professor of Medicine, beginning January 16, 1955, at an annual salary of \$9,000 (DY).
2. ELLIS BONNELL, Clinical Assistant Professor of Psychiatry, College of Medicine, beginning November 1, 1954, without salary (DY).
3. TERRELL C. MYERS, Assistant Professor of Biological Chemistry, College of Medicine, beginning December 1, 1954, at an annual salary of \$6000 (BY).
4. GEORGE H. SCHERR, Assistant Professor of Bacteriology, College of Medicine, beginning December 1, 1954, at an annual salary of \$5,500 (D).

On motion of Mr. Johnston, these appointments were confirmed.

COLLEGE OF PHARMACY ADVISORY COMMITTEE

(2) The Dean of the College of Pharmacy recommends the appointment of Ceburne D. Smith, Manager of the Chicago Branch of Parke, Davis and Company of Detroit, Michigan (residence address, Evanston, Illinois), as a member of the College of Pharmacy Advisory Committee for a period of five years (July 1, 1954-June 30, 1959) to succeed David Stiles of the Abbott Laboratories, North Chicago, whose term has expired.

I concur.

On motion of Mrs. Watkins, this appointment was approved.

**APPOINTMENT OF FREDERICK T. WALL AS DEAN
OF THE GRADUATE COLLEGE**

(3) I recommend the appointment of Dr. Frederick T. Wall, Professor of Physical Chemistry, as Dean of the Graduate College for the period beginning September 1, 1955 (or possibly August 1, if feasible), and ending August 31, 1957, on "Y" basis at a salary of not less than \$17,000 per year with the understanding that this will be increased to whatever figure it is possible to raise salaries of other comparable deanships at the beginning of the next biennium. His combined positions will be Dean of the Graduate College (BY) and Professor of Physical Chemistry (AY).

This appointment has been recommended by a special committee of the Executive Faculty of the Graduate College after a canvass of the entire graduate faculty and is unanimously endorsed by the College Executive Faculty of eighteen members representing all divisions offering graduate work.

On motion of Mr. Livingston, this appointment was approved. Mr. Livingston expressed his pleasure that Dr. Wall is willing to accept this appointment, and asked to have this recorded.

CHAIRMANSHIP OF THE DEPARTMENT OF GERMAN

(4) In February, 1954, Professor Helmut Rehder, Head of the Department of German, accepted a position at the University of Texas and submitted his resignation from the faculty of the University of Illinois to take effect at the end of the first semester of the current academic year. Since then, a search has been underway for a successor.

As a result of this impending change and following statutory procedure, the faculty of the Department of German has voted to request a change in the administrative organization of the Department from one organized with a head to a department organized with a chairman. The Dean of the College of Liberal Arts and Sciences and the Executive Committee of the College recommend approval.

The Dean and the Executive Committee also recommend the appointment of Dr. Frank G. Banta, presently Assistant Professor of German, as Chairman of the Department effective February 1, 1955, at an annual salary of \$5,500 on an academic year basis. This appointment will be for the balance of the current academic year, but a subsequent reappointment will be for two years as provided in the Statutes.

I concur in these recommendations.

On motion of Mr. Nickell, the change in organization of the Department of German and the appointment of Dr. Banta as Chairman of the Department were approved.

HEADSHIP OF DEPARTMENT OF DERMATOLOGY

(5) Dr. Francis E. Senear, Professor and Head of the Department of Dermatology, has requested that he be retired from active service as of January 1, 1955. He has been on the faculty since 1916 and has reached the age of optional retirement. I have approved his request and change in his status to Professor, *Emeritus*.

To fill the vacancy the Dean of the College of Medicine recommends the appointment of Dr. Marcus R. Caro, presently Clinical Professor of Dermatology without salary, as Professor and Head of the Department of Dermatology on one-half time on indefinite tenure beginning January 1, 1955, at an annual salary of \$7,500 (AY50).

I concur in this recommendation.

On motion of Mrs. Watkins, the change in status of Dr. Senear and the appointment of Dr. Caro were approved.

GEORGE A. MILLER UNDERGRADUATE SCHOLARSHIPS

(6) The special faculty committee appointed to study what use should be made of the income from the George A. Miller Endowment recommends that \$6,000 a year be assigned for undergraduate scholarships to be known as "The George A. Miller Scholarships."

The Committee recommends that these awards be administered by the Committee on Undergraduate Scholarships and that the scholarships be available in all undergraduate areas of the University. In general, awards shall be made for one year in an amount not to exceed \$600. An original award may be renewed from year to year until the holder has received the bachelor's degree. The faculty committee recommends that \$3,000 be made available for scholarships for the second semester of the current academic year should worthy candidates present themselves.

A statement of the conditions governing awards of these scholarships is submitted herewith and will be used as the official announcement of the scholarships. I concur.

On motion of Mrs. Holt, this recommendation was approved and the statement of conditions referred to has been filed with the Secretary of the Board for record.

UNDERGRADUATE CURRICULUM IN URBAN LAND ECONOMICS

(7) The College of Commerce and Business Administration and the University Senate recommend the establishment of a new curriculum in urban land economics. This program will deal with the development and administration of urban land resources with a view to improving the effectiveness of land utilization in capital formation and allocation. It will provide a needed counterpart in economic and business analysis to the present curricula in architecture, landscape architecture, city planning, sociology, and geography.

There is hereby filed with the Secretary of the Board the report and recommendations of the Senate Committee on Educational Policy to the University Senate giving the complete details of this program, including the requirements for admission and graduation.

I recommend approval provided that implementation of this program will be undertaken only when this can be done within funds allocated to the departments concerned.

On motion of Mr. Bissell, this recommendation was approved.

DOCTOR OF PHILOSOPHY IN AERONAUTICAL ENGINEERING

(8) The Graduate College and the University Senate recommend the establishment of a graduate program leading to the Doctor of Philosophy degree with a major in aeronautical engineering. It is feasible to offer well balanced programs of graduate study with emphasis on one of the three principal divisions of

aeronautical engineering — aerodynamics, propulsion, or structures — from courses now being given by the Department of Aeronautical Engineering and other departments of the University.

There is hereby filed with the Secretary of the Board the report and recommendations of the Senate Committee on Educational Policy to the University Senate giving the complete details of this program, including requirements for admission and graduation and courses of study.

I recommend approval provided that implementation of this program will be undertaken only when this can be done within funds allocated to the departments concerned.

On motion of Mr. Livingston, this recommendation was approved.

DEGREE OF DOCTOR OF MUSICAL ARTS

(9) The Graduate College and the University Senate recommend the establishment of a graduate curriculum leading to the degree of Doctor of Musical Arts for advanced professional training in composition or applied music.

There is hereby filed with the Secretary of the Board the report and recommendations of the Senate Committee on Educational Policy to the University Senate relating to this program, including a discussion of the need for this graduate program, requirements for admission, the complete details of the program, and the requirements for the degree.

I recommend approval provided that implementation of this program will be undertaken only when this can be done within funds allocated to the departments concerned.

On motion of Mrs. Holt, this recommendation was approved.

APPROPRIATION FOR GRADUATE FELLOWSHIPS FOR 1955-56

(10) It is necessary that the funds the University has available for graduate fellowships for 1955-56 be committed at this time so that fellowship awards can be made and announced by April 1, 1955. Accordingly on request of the Dean of the Graduate College, I recommend that an appropriation of \$150,000 be made at this time for such fellowships, \$132,000 to be assigned for fellowships for graduate study at Urbana-Champaign and \$18,000 for fellowships at the Chicago Professional Colleges. This constitutes a lien on the University's income for the biennium 1955-57.

On motion of Mr. Johnston, this assignment of funds was made by the following vote: Aye, Mr. Bissell, Mrs. Holt, Mr. Johnston, Mr. Livingston, Mr. Megran, Mr. Nickell, Mrs. Watkins; no, none; absent, Mr. Grange, Mr. Herrick, Mr. Hickman, Mr. Stratton.

SPECIAL APPROPRIATIONS FOR NONRECURRING EXPENDITURES

(11) The Committee on Nonrecurring Appropriations recommends assignments of funds from the General Reserve as follows:

1. Department of Agronomy, remodeling in Davenport Hall and purchase of laboratory furniture.....	\$ 9 000
2. College of Commerce and Business Administration and College of Fine and Applied Arts, remodeling in the Commerce and Fine Arts Annex (former veterans recreation area and nursery school building).....	3 925
3. Library, special book acquisition.....	10 000
4. School of Physical Education	
Construction of classroom in basement of Huff Gymnasium.....	1 695
Construction of dark room in Huff Gymnasium.....	4 000
5. Statistical Service Unit, installation of air conditioning system in the Arcade Building.....	15 000
<i>Total</i>	\$43 620
I concur.	

On motion of Mr. Nickell, these appropriations were made by the following vote: Aye, Mr. Bissell, Mrs. Holt, Mr. Johnston, Mr. Livingston, Mr. Megran, Mr. Nickell, Mrs. Watkins; no, none; absent, Mr. Grange, Mr. Herrick, Mr. Hickman, Mr. Stratton.

**CONTRACTS FOR EQUIPMENT AND ELEVATORS
FOR HOME ECONOMICS BUILDING**

(12) The Director of the Physical Plant and the Comptroller recommend awards of the following contracts for installations in the Home Economics Building now under construction:

Walrus Manufacturing Company, Decatur

Wood kitchen equipment for laboratories.....\$53 430 27

Special wood cabinets and other laboratory fixtures 67 565 46 \$120 995 73

Alex Janows and Company, Chicago—equipment to be installed in cafeteria and public dining room kitchens..... 78 887 00

George S. Grimmett and Company, Springfield—metal kitchen equipment..... 33 193 62

Laboratory Equipment Company, Mineola, New York—metal laboratory equipment..... 125 307 00

Long Elevator and Machine Company, Springfield

Passenger elevator..... 24 063 00

Freight elevator..... 13 736 00 37 799 00

The Walrus Manufacturing Company, the Laboratory Equipment Company, and the Long Elevator and Machine Company are the lowest bidders on their respective installations.

In the case of the equipment for kitchens for the cafeteria and dining rooms, the second lowest bid is recommended (the difference between this and the lowest bid is \$4,434) because University representatives who inspected the plants and a number of installations of the two lowest bidders were not assured that their product would be acceptable for installation in an institution where training in use and knowledge of the best equipment available is essential to good teaching. However, Alex Janows and Company, the second lowest bidder, has recently undergone a major reorganization and work recently executed by it was found to be of the highest quality. The Company has given written assurance that if the contract is awarded to it, the work will equal recent examples of its high quality production.

The award of the contract for metal kitchen equipment to George S. Grimmett and Company, the second lowest bidder (the difference between the lowest and second lowest bids is \$304.14), is recommended because the bid is on equipment made by the St. Charles Manufacturing Company, St. Charles, Illinois, a manufacturer of metal domestic kitchen cabinets of the highest quality available. Its product was used by the architects as the standard in preparing drawings and specifications for this installation. An exemplary kitchen equipment installation is essential to good teaching. The lowest bidder, the Walrus Manufacturing Company, an old recognized manufacturer of wood cabinet and case work, has only recently been making metal equipment and did not show listings of installations of custom grade domestic kitchen equipment of the type contemplated in the drawings and specifications for this division of the work. (However, this manufacturer is being recommended for award of the contract for the wood kitchen equipment.)

When the construction contracts for the Home Economics Building were recommended to the Board on September 24 only one bid, \$399,466.30, had been received on the laboratory equipment including the equipment for laboratory kitchens but excluding the equipment for the cafeteria and dining room kitchens. This bid was rejected because of the amount and lack of competition, and new bids were taken. The amount of the recommended awards for the same installations, but divided into four divisions of work, is \$279,496, or \$119,970 less than the original single bid.

I concur in the recommendations for the awards of these contracts and request that the Comptroller and the Secretary of the Board be authorized to execute them.

On motion of Mrs. Holt, these contracts were awarded as recommended, and the Comptroller and the Secretary were authorized to execute the same.

CONTRACT FOR REMODELING IN DENTISTRY-MEDICINE-PHARMACY BUILDING

(13) The Director of the Physical Plant and the Comptroller recommend award of a contract for \$58,587 to the Mueller Construction Company, Chicago, the lowest bidder, for remodeling of quarters for the Department of Pharmacology in the Dentistry-Medicine-Pharmacy Building at 1853 West Polk Street, Chicago. The work will consist of rearrangement of partitions, improvements in lighting and ventilating, and installation of new laboratory equipment to rehabilitate and modernize these quarters and is a part of the remodeling program related to the activation of the Research and Educational Hospitals Addition and the construction of the East Dentistry-Medicine-Pharmacy Building.

Funds are available in a special appropriation made by the Board of Trustees on May 15, 1954, for this remodeling program.

I concur and recommend that the Comptroller and the Secretary of the Board be authorized to execute this contract.

On motion of Mrs. Watkins, this contract was awarded and the Comptroller and the Secretary of the Board were authorized to execute the same.

CONTRACT FOR REMODELING IN RESEARCH AND EDUCATIONAL HOSPITALS

(14) The Director of the Physical Plant and the Comptroller recommend award of a contract for \$49,388 to the Mueller Construction Company, Chicago, the lowest bidder, for remodeling and alterations in the Research and Educational Hospitals, 840 South Wood Street, Chicago. The work will consist of rearrangement and replacement of partitions, improvements in lighting and ventilating, and installation of new laboratory equipment to rehabilitate and modernize these quarters and is a part of the remodeling program related to the activation of the Research and Educational Hospitals Addition.

Funds are available in the special appropriation made by the Board of Trustees on May 15, 1954, for this remodeling program.

I concur and recommend that the Comptroller and the Secretary of the Board be authorized to execute this contract.

On motion of Mrs. Watkins, this contract was awarded and the Comptroller and the Secretary of the Board were authorized to execute the same.

ADDITION TO CONTRACT FOR POWER PLANT CONSTRUCTION

(15) The Director of the Physical Plant and the Comptroller recommend an increase of \$5,060.78 in a current contract with E. N. DeAtley, Champaign, for the superstructure work in the construction of an addition to the Abbott Power Plant. The plans on which the contract is based provide for a temporary wall to permit future additions to the building on the north. Studies of anticipated future building construction indicate that the capacity of future boiler units approximate 150,000 pounds of steam per hour instead of 80,000 pounds which is the design capacity of existing boilers. The increase in size of these boiler units and the location of the cooling towers make it advisable to construct a future addition south of the present plant instead of north. Hence, it is not feasible to carry through the plans for a temporary wall as now provided in the contract documents, and a permanent wall should be constructed.

Funds are available in a state appropriation for 1953-55 for "addition to Power and Heating Plant, including plans and specifications and fixed equipment."

I concur and recommend that the Comptroller be authorized to execute the change in this contract.

On motion of Mr. Bissell, this increase in the contract was authorized.

ADDITION TO CONTRACT FOR ENGINEERING SERVICES FOR POWER PLANT ADDITION

(16) The Director of the Physical Plant and the Comptroller recommend an increase of \$5,000 in a current contract with Sargent and Lundy, Consulting Engineers, Chicago, for services on an addition to the Abbott Power Plant for

a study in preliminary layout drawings of the construction of an addition immediately south of the present plant. It is essential that this be started now so that there will be no delay in the construction of another boiler unit which is needed before any new buildings are added to the present steam distribution facilities.

Funds are available in a state appropriation for 1953-55 for "addition to Power and Heating Plant, including plans and specifications and fixed equipment."

I concur and recommend that the Comptroller be authorized to execute the change in this contract.

On motion of Mr. Bissell, this increase in the contract was authorized.

**TRANSFER OF PROPERTY AT 35-37 EAST ARMORY AVENUE,
CHAMPAIGN, FROM U. S. GOVERNMENT TO THE UNIVERSITY**

(17) Under a contract with the United States Housing and Home Finance Agency, which was in effect from June 30, 1950, to August 31, 1953, the University's Small Homes Council engaged in a study to increase efficiency in use of living and storage space in small modern homes through various types of interior design.

One phase of this work required construction of a one-story frame dwelling with movable interior partitions and completely furnished for family living. This house was constructed on a University-owned basement foundation at 35-37 East Armory Avenue, Champaign. Construction and furnishings were paid for from contract funds. The dwelling has an appraised market value of \$6,450; household furnishings cost \$4,351.09.

On termination of the contract, the University began negotiations with the United States agencies concerned for the transfer of this property, including furnishings, to the University on a no-cost basis for continued use in educational and public health research. The government, through the Department of Health, Educational, and Welfare, offers the University a quitclaim deed under the following conditions:

(a) That, for a period of ten years from the date of this deed, the above described property to be conveyed shall be utilized continuously for educational purposes, in accordance with the proposed program and plan in the application of the University, dated March 4, 1954, and for no other purpose.

(b) That, during the aforesaid period of ten years, the University will not resell, lease, mortgage, or encumber, or otherwise dispose of, the above described property, or any part thereof or interest therein, without the authorization in writing of the Department of Health, Education, and Welfare, or its successor in function, in accordance with its existing regulations.

(c) That one year from the date of this deed, and annually thereafter for the aforesaid period of ten years, unless the Department of Health, Education, and Welfare, or its successor in functions otherwise directs, the University will file with the Department of Health, Education, and Welfare, or its successor in function, reports on the operation and maintenance of the above described property and will furnish, as requested, such other pertinent data evidencing continuous use of the property for the purposes specified in the University's application.

I recommend that the Comptroller be authorized to execute the necessary acceptance of the deed transferring and assigning this property, both real and personal, to the University, under the conditions specified.

On motion of Mr. Bissell, acquisition of this property under the conditions stipulated was authorized by the following vote: Aye, Mr. Bissell, Mrs. Holt, Mr. Johnston, Mr. Livingston, Mr. Megran, Mr. Nickell, Mrs. Watkins; no, none; absent, Mr. Grange, Mr. Herrick, Mr. Hickman, Mr. Stratton.

CONTRACT WITH FOREIGN OPERATIONS ADMINISTRATION

(18) The Foreign Operations Administration has requested the University of Illinois to cooperate on a FOA project to aid in the economic development of Colombia. The specific areas of this study will include economic and community

development, building problems (engineering), community and city planning, building construction quality control and methods, and rural economic problems. It will be necessary for at least one or more University staff members to spend varying amounts of time in Colombia. No definite assignments have been agreed upon, but personnel considering this work are in the Department of City Planning and Landscape Architecture and in the Small Homes Council, and some in other areas would be recruited from outside the University.

FOA has proposed a two-year contract under which the University will receive \$225,000 for all direct and indirect costs of the project. Professor J. T. Lendrum, Director of the Small Homes Council, has agreed to direct the work, and the project has the approval of the Small Homes Council Executive Committee, the Dean of the College of Fine and Applied Arts, and the Comptroller.

I recommend approval and that the Comptroller and the Secretary of the Board be authorized to execute such a contract.

On motion of Mr. Johnston, this contract was approved and the Comptroller and the Secretary of the Board were authorized to execute the same.

COMPTROLLER'S REPORT OF CONTRACTS

(19) The Comptroller's report of contracts executed during the period November 1 to November 30, 1954.

<i>With Whom</i>	<i>Purpose</i>	<i>Amount to be Paid to the University</i>	<i>Effective Date</i>
United States Air Force AF 18(600)-1310	Alteration of the surface characteristics of semiconductors by the diffusion of impurities	\$19 669 00	September 15, 1954
United States Air Force AF 18(600)-1311	Crystallography of diffusionless phase changes in steels	18 066 00	September 1, 1954
United States Army DA-11-022-ORD-1707	Exploration and application of turbulence theories	10 685 00	November 2, 1954
United States Army DA-11-175-AV-1453, 1455, 1456, and 1461 (four contracts)	Academic instruction for fourteen military personnel	Rates per contract	June 21, 1954
United States Army DA-33-017-eng-255	Static and fatigue properties of welded joints made of structural and low-alloy steels	15 000 00	September 9, 1954
United States Army DA-33-017-eng-256	Effect of the moment-shear ratio on the behavior and strength in shear of reinforced concrete members	10 000 00	November 14, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 16	Systematic determination of the abundance and geochemical distribution of technetium 98 by mass spectrometric and neutron activation methods	18 117 00	November 1, 1954
United States Bureau of Public Roads, Department of Commerce	Fatigue strength of welded flexural members	10 000 00	July 1, 1954
United States Navy N600 s-p-37249	Books, nonexpendable supplies and equipment for N.R.O.T.C. five-term program	2 000 00	July 1, 1954
United States Navy Nonr-1459 (02)	Thermal injury of the skin	16 609 00	September 1, 1954
Veterans Administration V3028V-2379	Education and training	Rates per contract	September 13, 1954
Welding Research Council of the Engineering Foundation	Fatigue strength of welded structural joints technical report	3 000 00	November 5, 1954
<i>With Whom</i>	<i>Purpose</i>	<i>Amount to be Paid by the University</i>	<i>Effective Date</i>
Chicago Lighting Institute	Lectures and demonstrations in Chicago Undergraduate Division department of physics	\$ 360 00	September 20, 1954
John Engelhardt (two contracts)	Demolition of frame residence at 606 E. John Street and store building at 1216 W. Illinois Street	1 000 00	November 9, 1954
Anne F. Sluder	Demolition of garage at 1210 W. Oregon Street	50 00	November 4, 1954

Leases

<i>With Whom</i>	<i>Purpose</i>	<i>Amount to be Paid to the University</i>	<i>Effective Date</i>
Monticello Grain Company	Amenia elevator	Rates per contract	September 1, 1954

<i>With Whom</i>	<i>Purpose</i>	<i>Amount to be Paid by the University</i>	<i>Effective Date</i>
John Deere Plow Company	Farm equipment for use by department of agriculture	\$ 48 57	November 4, 1954
Department of Finance, State of Illinois	Room 416, State of Illinois Building at 160 North LaSalle Street in Chicago, for use by the cooperative extension work in agriculture and home economics	1 320 00 (eight months at \$165.00 per month)	November 1, 1954
International Harvester Company	Farm equipment for use by department of agriculture	229 38	October 14, 1954

Contract Changes

<i>With Whom</i>	<i>Purpose</i>	<i>Amount to be Paid to the University</i>	<i>Effective Date</i>
McMillen Feed Mills Division of Central Soya Company, Inc.	Vitamins in swine nutrition	\$ 1 500 00	November 1, 1954
Pressure Vessel Research Committee of the Welding Research Council	Behavior of steel plate subjected to repeated loads causing biaxial stress	10 500 00	October 1, 1954
United States Air Force AF 18(600)-615	Free individual amino acids of animal tissues as influenced by virus infection and other factors	8 617 00	October 1, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 2	Nutritional biochemistry on the metabolism of vitamins and amino acids	6 000 00	October 1, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 3	Mechanism of substitutional diffusion in metals	23 743 00	October 1, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 7	Content in human tissues of eleven trace elements	8 500 00	October 1, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 13	Chemistry and biological significance of carbohydrate containing nucleotides and polynucleotides	15 828 00	October 1, 1954
United States Atomic Energy Commission AT(11-1)-67, Project No. 14	Mechanism of beta ray radiation injury	17 066 00	October 1, 1954
United States Navy Nonr-336(00)	Effects of ultrasonics on nerve tissue	33 000 00	July 1, 1954

Adjustments Made in 1953-54 Cost-Plus Contracts

(Adjustments in projects authorized prior to July 1, 1954)

<i>With Whom</i>	<i>Purpose</i>	<i>Amount</i>	<i>Date</i>
E. C. Manthei (Consulting engineering service)	Five items: \$11.51 deduct to \$300.00	\$ 534 09	November, 1954

Adjustments Made in 1954-55 Cost-Plus Contracts

<i>With Whom</i>	<i>Purpose</i>	<i>Amount</i>	<i>Date</i>
Harry F. Fisher (Plastering)	Nine items: \$33.50 deduct to \$327.00	\$ 834 69	November, 1954

This report was received for record.

PURCHASES

Purchases Recommended

(20) The Director of Purchases has proposed and the Comptroller recommends the following purchases. Unless otherwise specified, the purchase in each case is recommended on the basis of lowest bid.

I concur

<i>Item</i>	<i>Department</i>	<i>Vendor</i>	<i>Cost</i>
500,000 multiple vitamin capsules having a formula which meets the requirements of the National Research Council	Hospital Pharmacy, Chicago Professional Colleges	Mead-Johnson Co., Chicago	\$2 875 00 delivered
One Betatron X-ray tube less trade-in allowance on one used Betatron X-ray tube	Research and Educational Hospitals Radiology, Chicago Professional Colleges	Allis-Chalmers Manufacturing Co., Chicago	3 900 00 f.o.b. West Allis, Wis.

<i>Item</i>	<i>Department</i>	<i>Vendor</i>	<i>Cost</i>
Electronic equipment	Engineering Research	Hewlett-Packard Co., c/o Alfred Crossley & Associates, Chicago	\$2 948 79 f.o.b. Urbana
Electronic equipment	Engineering Research	Tektronix, Inc., c/o Everett Associates, Chicago	4 571 00 f.o.b. Portland, Ore.
Four oak science tables and one fume hood assembly	Physical Sciences, Chicago Undergraduate Division	Interocean Cabinet Company, Chicago	7 030 00 delivered and installed
Two scalars with 2500 volt power supply H.V. regulation to $\pm 0.002\%$, sensitivity less than 1 mv., timer range 1000 min.	Chemistry and Chemical Engineering	Radiation Instrument Development, Chicago	2 655 00 f.o.b. Chicago
One single channel pulse height analyzer			
Two sample mounts			

On motion of Mr. Johnston, these purchases were authorized.

AWARD OF CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES

(21) The Committee on Accountancy recommends that the certificate of Certified Public Accountant be awarded, under Section 5 of the Accountancy Act of 1943, to the following candidates who have presented evidence that they are holders of valid and unrevoked Certified Public Account certificates obtained by passing a standard written examination in another state or territory of the United States and who qualify in all other respects under this provision of the law:

<i>Name</i>	<i>Address</i>	<i>State from Which They Obtained Certificates</i>
JOHN FRANCIS BERRY	Evansville, Indiana	Indiana
ROBERT JOHN ELLERSIECK	Afton, Missouri	Missouri
RITA DUDECK FIALKA	Brentwood, Missouri	Missouri
JOHN FRANCIS GAITHER	Evansville, Indiana	Indiana
ISIDORE BERNARD GREENVIELD	Chicago	District of Columbia
ROBERT MORRISON HOFFER	Chicago	Michigan
CHRISTOPHER COLUMBUS HUGHES	Brentwood, Missouri	Missouri
CLARENCE ARTHUR LAMMERS	St. Louis, Missouri	Missouri
FRANK IRA MCGNONE	Terre Haute, Indiana	Indiana
MORRIS MORTON	St. Louis, Missouri	Missouri
GEORGE HENRY OSTERMAYER, JR.	Camden, New Jersey	New Jersey
GEORGE ELISHA TAYLOR	Chicago	Oklahoma

I concur.

On motion of Mr. Nickell, these certificates were awarded.

REPORT OF UNIVERSITY AUDIT BY STATE AUDITOR

(22) The Auditor of Public Accounts employed the firm of F. M. Mersinger and Company, Springfield, Illinois, to examine the financial records of the University for the year ended June 30, 1953. Their report on this examination has now been received and is submitted herewith. The financial operations of the University for the year 1952-53 had previously been audited and certified by the University's auditors, Haskins & Sells.

The Mersinger auditors, like the University's auditors, do not question any transactions or the completeness and accuracy of the University's records. The report does not claim that a single dollar was misspent nor that the internal records of the University are either inaccurate or incomplete. It questions the appropriateness of certain procedures and, while stating that there is not sufficient information in the State Auditor's Office, contains nothing that would indicate that such information is not available in the University's accounts. (Comments on specific points in the report are made in a supplementary memorandum.)

The main concern of the report seems to be that there is not available in the Office of the State Auditor the information needed for the audit responsibilities of that office. The University's accounting system is developed on a much broader and more complete basis than that of the State Auditor. The University handles accounts for a large number of government and private trust funds and deals with many auxiliary activities, such as the Athletic Asso-

ciation, which handle their own funds under University supervision. This situation increases the complexity of the accounts and reports, and the University's system is designed to recognize this condition.

The report recommends that steps be taken to improve the coordination between the records of the University and those of the State Auditor's Office. Auditor Hodge has suggested a joint study of this problem, and we will be glad to cooperate in such a study. A study for desired improvements should use the University's records as a basis for more frequent reports and information to the Auditor and not to build up an elaborate duplicate accounting system in the Auditor's Office.

No action was taken, or required, on these reports. They are included in the minutes of today's meeting as a matter of public record.

Report of Examination and Survey

July 1, 1952, to June 30, 1953

HONORABLE ORVILLE E. HODGE
Auditor of Public Accounts
State of Illinois
Springfield, Illinois

DEAR SIR:

In accordance with your instructions, we have conducted an examination and survey of certain records of expenditures and income of the University of Illinois and we herewith submit a report of the examination and survey.

A regular audit of the University is performed annually by a firm of certified public accountants appointed by the University's Board of Trustees. An audit report was completed by Haskins and Sells for the year ending June 30, 1953. We wish to state that our examination and survey was not directed toward duplicating the work of Haskins and Sells.

Our primary object during the course of this examination and survey was to assemble a report which would account in detail for receipts and disbursements of State, Federal government and other monies in selected departments and activities of the University. A principle followed in the presentation of data in the accompanying exhibits and schedules differs from the accounting principles adopted by the University.

Some receipts or disbursements transferred from one fund or account to another fund or account are stated as receipts or disbursements in both funds or accounts in exhibits and schedules in this report. In the University's records and reports such transactions may be accounted for as a deduction from receipts of the fund or account from which transferred and a receipt of the fund or account to which transferred; transfers of disbursements may be treated correspondingly in the University's accounts.

The principle herein adopted results in an over-statement of total receipts and disbursements; however, we are concerned with stating the flow of dollars and cents through particular accounts. We deem this manner of presenting the accounting data on the activity in funds and accounts to be the most intelligible to readers, untrained in accounting and unfamiliar with the complex accounting system of the University.

We now wish to call attention briefly to the vast difference in accounting methods employed by the University and by the State of Illinois in accounting for cash receipts and disbursements. Some of the following comments are repeated in a following part of this report where we have made recommendations and suggestions for improving coordination of accounting records in the University and the State of Illinois.

Records of Receipts and Disbursements

Cash receipts, when recorded by the University, are itemized in detail as shown by Schedule A-1, but when the same cash is forwarded to the State for deposit into the University Income Fund, only a letter of transmittal as shown in Schedule A-2 is forwarded. Cash disbursements are shown on the University's records in detail and distributed to the various departments, etc., being charged, while in the State's records the disbursements are deducted from appropriation accounts, i.e., contractual services, commodities, equipment, etc.

In regard to disbursements, we wish to point out the problems that arise when a voucher is forwarded to the State Auditor's office for payment. The correct appropriation to be charged is indicated by the University. The Auditor's office receives no information except to charge the voucher against a particular appropriation account. The University may, for instance, charge that expenditure to an office supply revolving and at that time it will be considered inventory of that revolving fund. The revolving fund may in turn sell parts of that merchandise to various departments of the college, to a housing facility which might be a bond revenue enterprise, to an auxiliary enterprise, or to a United States Government Trust fund. To even further complicate the distribution, a part of the original expenditure may be transferred to another revolving fund which might make other distribution. From this it may be seen that it is impossible for the State Auditor's office to preaudit such vouchers of the University's with the information now being received. The Auditor's office is not furnished information to distribute merchandise purchases to departments and activities of the University which are the end consumers.

The use of a revolving fund is claimed to afford the University the opportunity of buying in large quantities to receive better prices. The University charges the various educational departments, auxiliary enterprises, etc., using the merchandise and thus transfers the cost to them. In a following section of this report we present suggestions to harmonize the accounting methods used by the State and the University and to enable the State to readily trace transfers from revolving funds.

The Illinois General Assembly some time ago established a \$300,000.00 working cash fund which was taken out of the University Income Fund and established at the University. The primary reason, we believe, was that it would enable the University to take advantage of opportunities to obtain discounts and in that way save the State money.

The \$300,000.00 working cash fund is used by the University to pay vouchers for general expenses, advances on travel, salaries and many other such items. We made a test-check of bills paid out of the fund for one month and found that the discounts taken were negligible. When a group of bills has been accumulated, they are forwarded to the State Auditor's office and one check payable to the University working cash fund is drawn to reimburse the fund.

We believe that this practice contravenes the check on State appropriation expenditures vested in the State Auditor by article 4, section 17 of the Illinois Constitution.

In the majority of State agencies receiving State appropriations, monies for travel can be paid only after the travel has been performed; money for travel is advanced by the State employee himself. We are not questioning the desirability of the University's advance of travel expense, but we suggest that the practice should be uniform in all State agencies.

Indirect Costs Recovered

On the books of the University is an account called, "Current restricted trust funds—indirect costs recovered." This fund had a balance of \$765,539.08 in Urbana-Champaign accounts and \$143,032.10 in Chicago accounts, or a total of \$908,562.18 on July 1, 1952. The control over the use of this trust fund and accounting for its operations are vested solely in the University.

This fund receives its money in the following manner. The United States Government and private enterprises award to the University sums of money for the carrying on of certain experiments. In some instances the University makes a charge, called "indirect cost," against experiments or projects for the use of buildings, classrooms, utilities, etc. As soon as the charge can be determined, the amount is deducted and withdrawn from the original project award and is placed in the current restricted trust funds, indirect costs recovered accounts. Such charges amounted to approximately \$925,000.00 for the year under survey. After being placed in the indirect cost recovered trust funds under an account called "unapplied indirect cost," transfers may be made to a specific project.

We discussed the practice of transferring the indirect charges into a trust fund maintained at the University rather than transferring and depositing the amounts in the University Income Fund to convert them into a part of the State monies. We were advised by University personnel that the legal staff of the University is of the opinion that the University is within its rights in retain-

ing the money. It is a fact that in practically all instances the buildings being used for the projects and the equipment being used in the projects have been bought from State appropriated money. We believe this should be given considerable consideration and the status of such monies should be clarified.

At the beginning of this particular subject, we noted that this fund had a beginning balance of \$908,562.18. As of June 30, 1953, a year later, the ending balance had grown to a total of \$999,952.31. The details in Exhibits L and M reveal the volume of receipts and disbursements of this particular fund.

Illini Union Building Transactions

We stated that this is a report on an examination and survey. Since it would be a physical impracticability to examine in detail every transaction of the University, we concentrated our attention on selected activities of interest.

The following comments on one activity of the University reveal the complexity of the University's transactions. One of many self-liquidating enterprises, the Illini Union Building, had done business with a subsidiary (the Illini Union Bookstore) and subsidiaries of this subsidiary (the Coffee House and dispensing machines). It may be pointed out that the receipts of these activities are deposited in a University general account. Checks are made and drawn on this account by the University and no control or accounting of receipts and disbursements are maintained except at the University.

The Illini Union Building functions as a social center and offers services to students, faculty members and the University. The Illini Union Building is a bond revenue, self-liquidating enterprise which depends upon its profits to operate and pay off its bonded indebtedness. During the year under review, the Illini Union Building collected from the University, in cash, the amount of \$102,250.00. This is the same \$102,250.00 which appears as an expenditure in the physical plant budget set up by the University. This constitutes a transfer of \$102,250.00 of State appropriated money to a self-liquidating, bond revenue account without a State warrant being drawn. A charge of \$17.50 is made for the use by each faculty member of the available services at the Illini Union Building. In addition to this, the usual semester charge of \$7.50 per student is paid on behalf of certain classes of students by the University from the physical plant account.

We wish to make this observation. If the Illini Union Building had not received this \$102,250.00 in cash, and an increase of \$1,919.50 in accounts receivable, it would have operated at a net loss of \$94,200.35 as detailed below:

Net profit as per Illini Union books.....	\$ 9 969 15
Less previously mentioned transfer from Physical Plant for faculty and student charges.....	104 169 50
Net loss	\$ 94 200 35

The Illini Union Bookstore operates as a subsidiary of the Illini Union Building. At July 1, 1952, the Illini Union Bookstore was owed \$100,000.00 by a subsidiary called the "Coffee House." During the year under review, it was decided to close the Coffee House and after the building was sold at book value to Stadium Terrace, an auxiliary enterprise, there existed a net loss of \$39,173.79 on the books of the Coffee House. Only \$60,826.21 of the original loan of \$100,000.00 was paid to the Illini Union Bookstore.

The Illini Union Bookstore also advanced \$7,500.00 to another subsidiary which operated dispensing machines. During the year, machine sales commissions of \$6,730.06 resulted in a profit of \$4,352.88.

McKinley Hospital Operations

Analysis of the statement of receipts and disbursements of McKinley Hospital reveals that a cash deficit of \$20,540.34 on July 1, 1952, increased \$32,368.52 to a cash deficit of \$52,908.86 at the end of the year. Receipts of \$122,942.45 include a transfer of \$41,000.00 from the University administrative and general budget appropriation. Payrolls amounted to \$110,013.96. A net operating loss, stated on the accrual basis of \$74,471.68 was sustained in the year.

While at the hospital, we made a detailed study and determined that the hospital could accommodate 115 patients per day, a potential of 41,975 patient-days per year. From the records at the hospital, it was determined that of the maximum 41,975 patient-days, there were only 7,837 patient-days charged. The hospital occupancy averaged 21 of a possible 115 patients per day.

We discussed the situation with University personnel and were informed that a plan was being worked on to put the Hospital on at least a break-even basis.

Withholding Tax Monies

During our survey and examination, it was noticed that the University is acting as its own withholding tax agent. We made a survey in Springfield and discovered that the University is the only State agency receiving State appropriated monies for salaries for which the State Auditor does not act as the withholding tax agent. We were informed that the University became its own withholding tax agent several years ago. We could not find an Attorney General's opinion supporting this practice.

The State Auditor writes all salary checks paid from State appropriations. The amount of withholding tax deductions is totalled and a covering check is written by the State Auditor for this amount which is deposited in a State Treasurer's account. In the case of the University, a check for total withholding tax is forwarded to the University, which in turn at some later date directs it to the Collector of Internal Revenue. We believe the legality of this practice should be studied as it could become a serious problem. For instance, if a withholding tax check amounting to several hundred thousand dollars should be forwarded to the University and deposited in its Treasurer's general bank account, after which the bank should suffer a financial loss and be closed, from whom would the Collector of Internal Revenue legally demand payment of the withholding tax?

The Internal Revenue code clearly states, "every employer making payment of wages shall deduct and withhold upon such wages a tax." The point in question is whether the State of Illinois is the employer or the University of Illinois, a body politic and corporate, is the employer. In the absence of a legal opinion, as of record, on this procedure both the State Auditor and the University may be subjected to criticism.

University Property Control

Under the State Property Control Act, the President of the University of Illinois is responsible for "the supervision, control and inventory" of more State-owned real and personal property than any other officer of the State government. To discharge this responsibility effectively, a University central inventory unit is maintained in the business office in Urbana, operating with the use of punch cards and serving the various divisions of the University with periodic recapitulations of property holdings.

The State Property Control Act requires the Auditor of Public Accounts, as property control administrator, and each major agency of the State to maintain matching sets of property records. This duplication is necessary in the case of the ordinary State agency, particularly where the agencies do not have access to business machines which process punch cards, but because of the magnitude of the University's property holdings the wisdom of this duplication becomes questionable. The Auditor's property control division carries on its records University property valued at an aggregate of \$82,342,380.13, accounted for at 445 different locations and sub-locations, and comprising 238,776 items.

It is recommended that the Auditor of Public Accounts and the University explore the possibility of eliminating this duplication by agreeing to joint custody and operation of the central records unit in Urbana, maintaining only summary lists of University property in Springfield. Co-operation in this area should reduce property control costs for both agencies and result in improved methods of control.

Exhibits and Schedules

Exhibit A. This is a summary of the receipts deposited to the University Income Fund as shown on the books of the State Auditor which we commented on earlier in our discussion and will comment on later in our suggestions.

Schedule A-1. This shows in detail the many income accounts of the University. The total of \$5,314,688.18 does not include the income from the Chicago colleges.

Exhibit B. This exhibit was taken from the books and records of the State Auditor. We have grouped line item accounts from the various appropriations

made to the University, showing total expenditures of \$90,621,061.38 from the 67th biennial appropriations.

Exhibit C. This was taken from the books and records of the State Auditor and shows in detail appropriation accounts of the 67th biennium.

Exhibit D summarizes the University's budget appropriations authorized by the Board of Trustees and subsequent transfers. We also attempted to follow the expenditures applicable to each account. We believe this will give the reader some understanding of the complexity and detail of the University's internal budget and accounting practices.

Schedules D-1 to D-13 state in summary form the source and application of funds. Schedules D-1A to D-13A present analysis of accounts within the departments listed in Exhibit D.

Exhibit E, Schedules E-1 to E-14 and E-1A to E-14A present in a similar manner the accounts in the Chicago Professional Colleges and Administrative Division.

Exhibit F, Schedules F-1 to F-13 and F-1A to F-13A present in a similar manner the accounts in the Chicago Undergraduate Division.

Exhibit G summarizes transactions in an account called current restricted trust funds—gifts and grants from private sources, fellowships and scholarships—Urbana-Champaign. The previously mentioned effect of stating receipts and disbursements arising from inter-account transfers is illustrated in the accounts "Abbott Fellowship in Chemistry" and "Eli Lilly & Co. Fellowship in Chemistry," wherein two receipts and one disbursement of \$12,000.00 are shown.

Exhibit H summarizes transactions in the account called current restricted trust funds—gifts, grants from private sources—Urbana-Champaign.

Exhibit I is a summary of operations of current restricted trust funds—gifts and grants from private sources—Chicago.

Exhibit J is a summary of operations of current restricted trust funds—United States Government contracts—Urbana-Champaign. Details of "other" receipts and disbursements are listed in Schedules J-1 and J-2.

Exhibit K is a summary of operations of current restricted trust funds—United States Government contracts—Chicago.

Exhibit L is a summary of operations of current restricted trust funds—indirect costs recovered—Urbana-Champaign.

Exhibit M is a summary of operations of current restricted trust funds—indirect costs recovered—Chicago.

Exhibit N is a summary statement of housing receipts and disbursements—Urbana-Champaign, summarizing schedules N-1 to N-27. The schedules were prepared from the records maintained at the University which show in detail receipts and disbursements of various housing units in auxiliary enterprises and bond revenue funds.

Exhibits O to R are statements of receipts and disbursements of various farm operations conducted by the University. In Exhibit O, transfers totalling \$60,000.00 to Allerton Park and Allerton House are shown in disbursements. In the University's records these transfers are shown as reductions of cash receipts of Allerton Farms.

The preceding statements of receipts and disbursements of some activities in the University are included that the reader may estimate the variety and size of activities conducted by the University.

Exhibits S to W show in detail receipts and disbursements of the previously mentioned Illini Union, Illini Union Book Store, Coffee House, dispensing machines and of McKinley Hospital.

Exhibit X presents a statement of telephone revolving fund receipts and disbursements. We have included it in our report to show again that each revolving fund, and there are many of them at the University, is set up and operated as a separate business entity and to give the reader of this report a cross-section view of some of the activities of the University.

Exhibit Y presents a summary of operating expenses and charges for service of the physical plant department—Urbana-Champaign. Services include repair and maintenance of buildings and equipment, grounds care, architectural services, utilities and others. Services are performed for departments and activities of the University and for activities allied to the University such as the Athletic Association, Illini Union, etc.

Responsibilities to Audit

The responsibilities of the Auditor of Public Accounts to conduct an audit of all expenditures from State appropriations are set forth in the State constitution and various Supreme Court decisions.

Those responsibilities are further set forth in Section 142D, Illinois revised statutes as amended June 8, 1953, which designates certain funds to be paid into the State treasury and certain funds to be retained by the University in its own treasury and further provides that "The Auditor of Public Accounts shall audit or cause to be audited the above items of income and all other income and expenditures of such institution."

We wish to call your attention to the existence of those responsibilities and to point out a difficulty of correctly discharging them when certain payments of obligations of the University are made by the Auditor's office.

For example, the University submits numerous vouchers to the Auditor's office for payment for purchases of material which will be placed in inventory in revolving funds. The vouchers indicate only an appropriation fund and account to be charged.

In reality the material purchased for revolving funds is "sold" by revolving funds to using departments and activities in the University. These may include educational departments or activities financed with monies retained at the University such as auxiliary enterprises, bond revenue fund enterprises, trust fund accounts and other activities allied to the University.

In conformity with sound accounting principles the using departments and activities are charged for their purchases, on the records at the University. Such charges reflecting distribution from revolving funds are not now accounted for in the State Auditor's office, nor are the transactions examined there.

We question the assumption that an audit of vouchers for purchases destined to be placed in revolving funds and afterward distributed has been performed with examination of documents relating to the original purchase. In our opinion an audit of such transactions should extend to an examination of documents and records relating to the end result of the transactions.

We have submitted a separate report containing recommendations for accounting procedures which we believe would contribute to the removal of deficiencies now existing in the manner audit responsibilities are discharged.

It is our recommendation that a joint committee, composed of representatives of the University's accounting staff and representatives of the Auditor's office be appointed to study the recommended plan with the view of its adoption or the development of a plan which would better serve the purpose. We believe that such a cooperative effort of a committee would be productive of highly beneficial results.

In this report we have discussed some of the problems existing as consequences of the physical size of the University of Illinois, the breadth of its activities, the separation by literal distance of the administrative and accounting offices of the University and of the State and the absence of joint efforts to establish common methods in areas of mutual interest. We believe the problems can best be solved by free exchanges of ideas and frequent discussions of points of view. In that belief, we repeat a suggestion that a committee of personnel from the University and from the State Auditor's office should be formed to make a common effort to solve common problems.

We wish to thank sincerely all personnel of the University who assisted us during our survey and examination. Their time and aid were freely given. We particularly wish to thank President Morey and Messrs. Farber, Pratt, Dahlenburg, and Green.

F. M. MERSINGER & Co.

December 15, 1954
SPRINGFIELD, ILLINOIS

**Comments on Specific Points in Report of Examination by F. M. Mersinger
and Company of University of Illinois Accounts for 1952-53**

Working Cash Fund of \$300,000

The working cash fund was established by an Act of the General Assembly in 1933 and is essential in a large operation such as the University. Much has

already been done to reduce the volume of transactions through that fund and to send more to the State Auditor for direct payment. No question has been raised about the propriety or correctness of the transactions themselves or as to the legality of the University's procedures under existing legislation. The question is raised whether the legislation creating this fund is compatible with the responsibilities imposed on the State Auditor by the State constitution.

Travel Advances to University Employees

The University advances funds to staff members required to travel on University business. These advances are returned by the staff member in the form of detailed expense vouchers properly approved. No question is raised by the auditors as to the desirability of the University's procedure or as to the completeness of the records. The auditors do point out that in the majority of agencies receiving State appropriations this practice is not followed and it is suggested that the practice be uniform.

Central Stores System

One of the subjects dealt with in the report is the operation of the central stores system. Such an operation is advantageous from the standpoint of economy and availability of supplies, resulting from quantity purchases. No question is raised as to the completeness of the records or the handling of material. The only question is as to the coordination of this portion of the University's financial operations with the records of the Auditor of Public Accounts.

Indirect Costs Recovered

On funds received from the Federal Government and from other sources for contract research the University collects reimbursement for the indirect costs related to the work performed under the contract. By action of the Board of Trustees these funds are allocated 30 per cent to the department conducting the research, 30 per cent to the University Research Board for other research, and 40 per cent for general University purposes including financing the contract research program.

Of the total accumulations on June 30, 1953 (the correct figure is \$1,003,086 rather than \$999,952 as recorded in the report since the latter did not include the Chicago Undergraduate Division), \$302,499 had been assigned to departments, \$362,260 had been assigned to the Research Board, and \$338,327 held as working capital for indirect costs available for general University purposes.

Prior to June 30, 1953, the University's Legal Counsel rendered an opinion that the University had legal authority to retain such funds in its treasury. To clarify this authority, the State Finance Act was amended in 1953 to provide that the University could retain in its own treasury "... funds received in connection with contracts with governmental, public, or private agencies or persons, for research or services including funds which are paid as reimbursement to the University. . . ." Although there appears to be no question as to the present procedures, the University can deposit such income in the University Income Fund in the State Treasury and seek additional appropriations from the General Assembly.

Illini Union Building Transactions

Prior to 1954-55, State funds were made available to the Illini Union for services rendered by the Illini Union to others than students. The amount of this charge was computed on the basis of the number of staff members. The payment was justified since the expenses resulting from such services should not be borne by the students.

However, in 1953-54, because of the "status quo" budget, reductions had to be made in some existing budgets to provide funds for needed adjustments. By prepaying the Illini Union indebtedness, thereby saving the annual debt service charge, it was possible to eliminate the payment which had previously been made to the Union.

The "Coffee House" was constructed after World War II to provide food service to those veterans housed in temporary quarters on the South Campus. The cost of establishing these facilities was paid from accumulated net earnings in the Illini Union Bookstore and it was hoped that a portion of these capital

costs could be amortized from net income. This did not prove possible. The facility was operated until the summer of 1952. At that time, it was converted to office space and classrooms. The original capital cost was paid from accumulated earnings of housing operations and the operating loss assumed by the Illini Union.

McKinley Hospital Operations

The University has a special committee studying the operations of the McKinley Hospital. Some improvements have been made. Operating economies have been effected. Beginning this year the charge for rooms has been increased. (An increase in the hospital and medical service fee, which will provide increased benefits, covers this.) Studies are also underway for more effectively utilizing space in the McKinley Hospital.

Withholding Tax Money

When the Internal Revenue Code was first changed to provide for withholding of income tax, the State Auditor's Office acted as the withholding agent on University salary payments made from State funds. Considerable difficulty was experienced in this procedure and an opinion was obtained from the Bureau of Internal Revenue "that the University is considered an agency of the State and as such is required to withhold the tax on the employees as provided in. . . ." There have been no difficulties with the University acting as the withholding agent. The point is now made that some question might result if the bank in which the withholding funds are temporarily deposited failed. The present method is highly advantageous since the University makes salary payments from other funds and the coordination of withholding in one agent eliminates duplication of records and confusion.

University Property Control

The University has recognized the duplication existing in present procedures and has urged modification of the law establishing this control in the State Auditor's Office to permit less duplication. Because detailed records are essential at the agency, the Auditor's Office should maintain control through control accounts supplemented by "spot" checks to the extent the Auditor believes necessary.

LLOYD MOREY
President

GIFT OF BUSES FOR DISABLED STUDENTS

(23) The Greyhound Corporation has presented two busses to the University of Illinois to be used for transportation of disabled students enrolled on the Urbana-Champaign campus. Hydraulic lifts have been installed in the busses so that wheelchairs can be rolled in the door and brought to floor level. Some of the seats have been removed from the former 29-passenger busses so that ten wheelchairs can roll into place along the sides of each vehicle. Seventeen seats have been retained in each for passengers using crutches or otherwise not confined to wheelchairs.

This gift was arranged through the efforts of two fathers of wheelchair students—Messrs. James L. McManus of Chicago and Hugh H. Calkins of Barrington. Rebuilding of the busses was done at cost by the Blitz Auto Body Company of Chicago and the tires for the busses were furnished by the Firestone Tire and Rubber Company. The parents of disabled students at the University of Illinois have contributed to the cost of equipping the vehicles. Provision has been made in the University's budget for 1954-55 for the operation of the busses.

The busses were formally turned over to the University at a brief public ceremony on Michigan Boulevard, Chicago, and I have accepted them.

On motion of Mrs. Watkins, the President's action was confirmed and the Secretary was requested to send the donors a letter expressing the Board's appreciation.

DEATH OF DR. DAVID J. DAVIS

(24) The President of the University reported the death on December 19 of Dr. David J. Davis, Dean of the College of Medicine and Professor of Pathology.

Emeritus. Dr. Davis was on the faculty of the University from 1913 until he retired from active service in 1943.

On motion of Mrs. Watkins, the Secretary was instructed to send to the family of Dr. Davis a message of sympathy on behalf of the Board and an expression of appreciation for his many years of distinguished service on the University faculty.

SECRETARY'S REPORTS

The Secretary presented for record the following lists: (1) appointments made by the President; (2) graduate fellows; (3) resignations, declinations, and cancellations; (4) retirement.

APPOINTMENTS MADE BY THE PRESIDENT

(The date in parentheses is the date on which the appointment was made by the President of the University. C = College; S = Station; E = Extension.)

- BLACKMAN, LEONARD S., Research Associate in the Institute for Research on Exceptional Children, nine months beginning December 1, 1954, without salary (11-30-54).
- BUETTNER, JAMES A., Clinical Instructor in Psychiatry, in the College of Medicine, ten months beginning November 1, 1954, without salary (11-30-54).
- BURDICK, CHARLES A., Assistant Binding Librarian, with rank of Instructor, seven months beginning February 1, 1955, \$4000 a year, supersedes (12-6-54).
- CANNON, JOSEPH P., Clinical Instructor in Surgery, in the College of Medicine, ten months beginning November 1, 1954, without salary (11-19-54).
- CHANG, PIN, Research Associate in Chemical Engineering Research (S), on one-half time, three months beginning November 1, 1954, \$200 a month (11-19-54).
- CHIADO, PAUL S., Instructor in General Engineering (C), on one-third time, for the academic year beginning September 1, 1954, \$1217, supersedes (11-30-54).
- COSTIN, FRANK, Associate Professor of Psychology in the Division of General Studies, on one-half time, on indefinite tenure, and Counselor in the Student Counseling Bureau, on one-half time, to render service during the academic year, December 1, 1954-August 31, 1955, \$5800 a year, supersedes (12-2-54).
- CURTIN, JOHN W., Clinical Instructor in Surgery, in the College of Medicine, and Plastic Surgeon in the Division of Services for Crippled Children, on 35/100 time, eleven months beginning October 1, 1954, \$2400 a year, supersedes (11-19-54).
- FOLK, EUGENE R., Instructor in Ophthalmology, in the College of Medicine, on 70/100 time, six months beginning January 1, 1955, \$300 a month (11-30-54).
- GINSBERG, JAMES P., Clinical Assistant in Psychiatry, in the College of Medicine, eleven months beginning August 1, 1954, without salary (11-19-54).
- HANNI, JOHN W., Clinical Instructor in Psychiatry, in the College of Medicine, eleven months beginning October 1, 1954, without salary (11-19-54).
- HECK, WALTER W., Research Assistant in the Radiocarbon Laboratory, in the Graduate College, January 1-September 15, 1955, \$3900 a year, supersedes (12-2-54).
- KAHN, MRS. JENNIE B., Instructor in Medical Social Work, in the College of Medicine, November 22, 1954-August 31, 1955, \$5400 a year, supersedes (11-30-54).
- KAUFMAN, IRVING, Research Associate in Electrical Engineering (S), nine months beginning December 1, 1954, \$5150 a year, supersedes (11-30-54).
- KELLEY, MARY RUTH, Production Editor in the University Press, eight months beginning January 1, 1955, \$5000 a year, supersedes (12-8-54).
- NELSON, JOHN, Clinical Instructor in Anesthesiology, in the College of Medicine, eleven months beginning October 1, 1954, without salary (11-19-54).
- PEIRCE, RICHARD F., Research Associate in Accountancy, in the Graduate College, six months beginning February 1, 1955, \$3000 (12-2-54).
- ROSENTHAL, VIN, Research Assistant in Psychiatry, in the College of Medicine, ten months beginning November 1, 1954, \$5200 a year, supersedes (11-30-54).

- SCHAEFER, RUTH L., Education, Philosophy, and Psychology Librarian, with rank of Instructor, eight months beginning January 1, 1955, \$5000 a year, supersedes (11-30-54).
- SHOLDER, SEYMOUR, Clinical Instructor in Obstetrics and Gynecology, in the College of Medicine, November 15, 1954-August 31, 1955, without salary (11-19-54).
- SHRIFTER, HAROLD B., Clinical Assistant in Medicine, in the College of Medicine, nine months beginning December 1, 1954, without salary (11-30-54).
- STANNARD, EDWARD A., Instructor in Aeronautical Engineering (C), for the second semester of the academic year 1954-55 beginning February 1, 1955, \$2200 (11-30-54).
- TREVINO, LUIS H., Assistant in Pediatrics, in the College of Medicine, ten months beginning November 1, 1954, without salary (12-6-54).
- WENAR, CHARLES, Research Associate in Psychiatry, in the College of Medicine, one year beginning September 1, 1954, \$6200 (11-30-54).
- WILLMORE, TRACY A., Research Associate in Ceramic Engineering (S), nine months beginning December 1, 1954, \$6000 a year, supersedes (12-2-54).
- WITTIG, HEINZ J., Clinical Instructor in Pediatrics, in the College of Medicine, ten months beginning November 1, 1954, without salary (12-6-54).
- WURZER, ANDREAS, Instructor in Veterinary Clinical Medicine, in the College of Veterinary Medicine, November 15, 1954-August 31, 1955, \$4700 a year (11-19-54).

GRADUATE FELLOWS

- ADE, RALPH D., United States Public Health Service Medical Student Part-time Research Fellow at the Chicago Professional Colleges, nine months beginning October 1, 1954, \$400 for the period (11-15-54).
- CONSENTINO, ANTHONY M., United States Public Health Service Medical Student Part-time Research Fellow at the Chicago Professional Colleges, nine months beginning October 1, 1954, \$400 for the period (11-15-54).
- ENGLAND, RODNEY W., United States Public Health Service Medical Student Part-time Research Fellow at the Chicago Professional Colleges, nine months beginning October 1, 1954, \$400 for the period (11-15-54).
- SPINAZZOLA, ANGELO J., United States Public Health Service Medical Student Part-time Research Fellow at the Chicago Professional Colleges, nine months beginning October 1, 1954, \$400 for the period (11-15-54).

RESIGNATIONS, DECLINATIONS, AND CANCELLATIONS

- BRINTON, MILTON H., Assistant in Anatomy, in the College of Medicine—cancellation effective 11-1-54.
- FRANTZ, MRS. DORIS M., Assistant Reference Librarian, with rank of Instructor—resignation effective 1-16-55.
- HANKINSON, JOHN, Research Associate in Psychiatry, in the College of Medicine—resignation effective 1-1-55.
- KOSTRUBALA, JOSEPH G., Clinical Assistant Professor of Surgery, and Plastic Surgeon in the Division of Services for Crippled Children—declination effective 9-1-54.
- PENNINGTON, LEON A., Visiting Professor of Psychology—resignation effective 3-1-55.
- PUESTOW, ROBERT C., Clinical Assistant in Medicine, in the College of Medicine—resignation effective 9-1-54.
- SWARTZ, CHARLES L., Instructor in Pediatrics, in the College of Medicine—resignation effective 11-15-54.
- TIPPO, OSWALD, Professor and Chairman of the Department of Botany and Dean of the Graduate College—resignation effective 8-1-55.
- TITLEY, JOAN, Chemistry Library Assistant—resignation effective 2-1-55.

RETIREMENT

- BROWNE, WILLIAM H., Clinical Professor of Obstetrics and Gynecology, in the College of Medicine—retirement effective 9-1-54.

JANUARY, FEBRUARY, AND MARCH MEETINGS

President Megran asked if the Board desires to fix the dates and places of the next three meetings, pointing out that, under the By-Laws of

the Board, the annual meeting will be held on March 8, 1955, unless the date of said meeting be changed by the Board.

On motion of Mr. Livingston, the Board voted to hold the next two meetings on January 24, 1955, and February 10, 1955, in Chicago, Illinois, the time and places to be determined by the President and the Secretary of the Board.

On motion of Mr. Bissell, the date of the 1955 annual meeting was changed from March 8, 1955, to March 30, 1955, to be held in Chicago, Illinois. This action was taken by the following vote: Aye, Mr. Bissell, Mrs. Holt, Mr. Johnston, Mr. Livingston, Mr. Megrn, Mr. Nickell, Mrs. Watkins; no, none; absent, Mr. Grange, Mr. Herrick, Mr. Hickman, Mr. Stratton.

MINUTES APPROVED

The Secretary presented the minutes of the meeting of the Board of Trustees on September 29 and on October 27, 1954, press proof copies of which have previously been sent to the members of the Board.

On motion of Mr. Livingston, these minutes were approved as printed on pages 45 to 157, inclusive.

On motion of Mr. Livingston, the Board adjourned.

A. J. JANATA
Secretary

H. B. MEGRAN
President

MEETING OF THE EXECUTIVE COMMITTEE

On call of the Chairman, a meeting of the Executive Committee of the Board of Trustees of the University of Illinois was held at the First National Bank of Chicago on Monday, December 20, 1954, beginning at 2:00 p.m. for consideration of unfinished matters of business left over from the Board of Trustees meeting held earlier in the day.

The following members were present: Mr. H. B. Megrn, Chairman, Mr. Park Livingston, and Mrs. Frances B. Watkins. Mr. A. J. Janata, Secretary of the Board, was also present.

The Committee considered the following matters of business presented by the Secretary of the Board on behalf of the President of the University.

CONTRACT WITH ALFRED BENESCH AND ASSOCIATES

The University has a contract (No. DA-49-129-eng-324) with the Corps of Engineers, Department of the Army, for research by the Department of Civil Engineering on the protective construction of buildings. A part of the work is being carried on at proving grounds, away from the University, and some of this can be done more effectively under subcontract. It is recommended that the Executive Committee authorize the execution of a contract with Alfred Benesch and Associates, Chicago, for such services.

On motion of Mrs. Watkins, this subcontract was authorized and the Comptroller and the Secretary of the Board were authorized to execute the same.

PURCHASES

The President of the University recommends that the following purchases be authorized, these being supplementary to the list of purchases recommended to the Board earlier at today's meeting of the Board:

BOARD OF TRUSTEES

<i>Item</i>	<i>Department</i>	<i>Vendor</i>	<i>Cost</i>
Renaissance collection of books, about 2,000 volumes, from the library of a European scholar	Library	C. A. Stonehill, Inc., New Haven, Conn.	\$40 000 00
22,000 board feet No. 2 spruce 1" x 6" random lengths lumber; 9,600 board feet No. 2 fir or spruce 2" x 4" in 4', 8', 12', 16' lengths lumber	Housing Division	Dougherty Lumber Co., Cleveland, Ohio	3 017 80 f.o.b. Urbana
One FM sweep integrator	Engineering Research	Philco Corporation, Philadelphia, Pa.	44 150 00

On motion of Mrs. Watkins, these purchases were authorized.

On motion of Mr. Livingston, the Committee adjourned.

A. J. JANATA
Clerk

H. B. MEGHAN
Chairman