

# Golden Apple Scholars of Illinois Program

Agreed-Upon Procedures  
For the Year Ended June 30, 2013

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



Assurance ■ Tax ■ Consulting

## Golden Apple Scholars of Illinois Program

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## **Golden Apple Scholars of Illinois Program**

### **Agreed-Upon Procedures Report**

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#### **Summary**

The Commission administers the Golden Apple Scholars of Illinois Program which is managed by the Golden Apple Foundation for Excellence in Teaching (Foundation). The agreed-upon procedures report and accompanying schedule of revenues and expenditures is included herein related to this program.

#### **Summary of Findings**

The accountants identified one exception related to the Golden Apple Scholars of Illinois Program. The exception is described immediately following the agreed-upon procedures report. The exception applies only to the Golden Apple Scholars of Illinois Program and is directed to Foundation management.

#### **Exit Conference**

In correspondence received from Eric Zarnikow, Executive Director, on December 5, 2013, the Commission elected to waive a formal exit conference.

The response to the recommendation reported in this section was provided by John Chomiak, Chief Financial Officer of the Golden Apple Foundation, in correspondence dated December 11, 2013. The Foundation also waived a formal exit conference.



## Independent Accountant's Report on Applying Agreed-Upon Procedures

Honorable William G. Holland  
Auditor General  
State of Illinois

Ms. Kym Hubbard  
Honorable Chair of the Governing Board  
Illinois Student Assistance Commission

As Special Assistant Accountants for the Auditor General, we have performed each of the procedures enumerated below, which were established by the Office of the Auditor General. The procedures performed were solely to assist the users in evaluating certain financial and other records of the Golden Apple Scholars of Illinois Program (Program) for the year ended June 30, 2013 pursuant to the Higher Education Student Assistance Act (110 ILCS 947/52). The Illinois Student Assistance Commission (Commission) and the Golden Apple Foundation for Excellence in Teaching (Foundation) are responsible for the financial and other records of the Golden Apple Scholars of Illinois Program. These agreed-upon procedures were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the Auditor General. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. We confirmed that the Foundation is registered with the Illinois Office of the Attorney General.
2. We determined the Commission and the Foundation Boards met during the period July 1, 2012 through June 30, 2013 (FY2013). We observed that minutes were prepared for the following Foundation Board meetings: November 30, 2012, March 15, 2013 and June 18, 2013. We observed that minutes were prepared for the following Commission Board meetings: August 14, 2012, September 14, 2012, November 16, 2012, January 24, 2013, April 5, 2013 and June 21, 2013. We read the aforementioned meeting minutes.
3. We obtained a listing of participants in the program as of June 30, 2013, from the Foundation's "FileMaker" database, which is maintained by the Foundation's Program Director, and we abstracted the following Golden Apple Program (Program) data:
  - a. 360 participants received scholarship funding during fiscal year 2013.
  - b. 364 participants were in school as of June 30, 2013.
  - c. 395 participants have completed school and are currently fulfilling their teaching requirement as of June 30, 2013.
  - d. 106 participants have not fulfilled their teaching requirement and are repaying their scholarship to the Foundation as of June 30, 2013.
  - e. \$64,089 was collected by the Foundation during Fiscal Year 2013 on repayments of scholarships.

4. We obtained and read 23 *Illinois Administrative Code Part 2764 Golden Apples Scholar of Illinois Program* (the Code) outlining applicant eligibility and statutory limits on scholarship awards. We obtained the total amount of scholarships paid directly by the Commission (see Schedule A Scholarship-ISAC), and we obtained a detailed listing of students awarded scholarships. This information was provided by the Commission's Director of the Department of Program Services. From this listing: We haphazardly selected 25 students who received a scholarship award. For each student selected, we obtained the student's program file from the Foundation, and performed the following:
  - a. Inspected the student's application and other documents pertaining to program eligibility and we observed the applicant's eligibility was supported by copies of the following which were maintained in the file; social security card and personal identification (state identification, driver's license, or passport). No exceptions were noted.
  - b. Inspected the student's "Program Agreement and Promissory Note" and observed the "Program Agreement and Promissory Note" was complete and signed. No exceptions were noted.
  - c. Compared the total amount of the scholarship awarded to the student to the maximum allowable scholarship as outlined in the Code. No exceptions were noted.
  - d. Compared all semester/quarter hours for scholarships awarded to the student and determined the semester/quarter hours awarded did not exceed 4 semesters or 6 quarters of scholarship assistance. No exceptions were noted.
5. We obtained a listing of participants in the program as of June 30, 2013, from the Foundation's "FileMaker" database, which is maintained by the Foundation's Program Director. This listing contains all students receiving scholarship assistance and indicates the County in which the student resides. The Code requires that 30 percent of students receiving scholarship assistance reside in counties having a population of fewer than 500,000. We recalculated the percentage of students receiving scholarship assistance who reside in such counties. We calculated that 32.6% of students reside in such counties.
6. The Program Director of the Foundation provided policies and procedures for monitoring the continuing eligibility of prior scholarship recipients towards the fulfillment of their teaching obligation, which we read. We obtained a listing of all scholarship recipients who have graduated from college, which includes recipients who have fulfilled their teaching requirement, and recipients who have not fulfilled their teaching requirement. This listing came from the Foundation's "FileMaker" database. From this listing:
  - a. We haphazardly selected 25 recipients who have fulfilled their teaching obligation. For the selected recipients we inspected:
    - 1) Mentoring site visit notes, which documented that the recipient began teaching within one year following completion of the postsecondary education degree or certificate program for which the scholarship was awarded. No exceptions were noted.
    - 2) Mentoring site visit notes which supported the scholarship recipients' fulfillment of their five-year teaching obligation. No exceptions were noted.
  - b. We haphazardly selected 25 prior scholarship recipients who have not fulfilled their teaching requirement and obtained scholarship repayment history information from the Foundation's "FileMaker" database. Of the 25 recipients selected, 6 made payments during fiscal year 2013. The remaining 19 were filed with a collection agency. Of those 19 recipients, additional moneys were collected from 8 recipients subsequent to the end of the fiscal year through December 31, 2013. We determined if interest at a rate of 5% per annum was charged to recipients sampled for loans made subsequent to fiscal year 2010. Eight recipients were charged interest. Seventeen recipients were not charged interest because the loan date was prior to FY2010. No exceptions were noted.

7. From the Program Director of the Foundation we obtained and read the policies and procedures for obligating and spending program funds. We obtained the Schedule of Program Revenues and Expenditures for the year ended June 30, 2013 (see Schedule A). We obtained the Foundation's detailed general ledger supporting non-payroll expenditures, and payroll expenditures listed on Schedule A. From the detailed general ledger, we haphazardly selected a sample of 25 non-payroll expenditures, and 25 payroll expenditures.
  - a. We inspected the invoice or other support for the 25 non-payroll expenditures paid by the Foundation and observed:
    - 1) The expenditure was directly related to the Program as evidenced by the description on the invoice's approval form and the activity description within the invoice. No exceptions were noted.
    - 2) The invoice or other support contained required supervisor approval as outlined in the policies and procedures. No exceptions were noted.
    - 3) We reviewed the associated checks to determine if two signatures were included, as required in the policies and procedures. Two exceptions were noted. (See Finding 2013-001)
  - b. For the selected payroll expenditures we:
    - 1) Recalculated gross pay from pay rate authorizations in the employee's personnel file and time sheets which contained the hours worked. We agreed gross pay to the payroll register. We noted no exceptions.
8. We obtained the Schedule of Revenues and Expenditures for the year ended June 30, 2013 (Schedule A):
  - a. We agreed "Appropriations from the State" and Commission scholarship expenditures (Scholarships – ISAC) to the Commission's general ledger. No exceptions were noted.
  - b. We agreed "Private Funding" revenue and all other expenditures from the Schedule of Revenues and Expenditures to the Foundation's general ledger. No exceptions were noted.
  - c. We compared the Schedule of Revenues and Expenditures to the budget presented with the application for the grant at the beginning of the fiscal year, and computed the amount by which budgeted expenditures were over (under) actual expenditures. We noted that budgeted expenditures exceeded actual expenditures by \$171,406.

We were not engaged to, and did not conduct an audit of the Golden Apple Scholars of Illinois Program's revenues and expenditures for the year ended June 30, 2013, the objective of which would be the expression of an opinion on the accounts and amounts of the Golden Apple Scholars of Illinois Program. Accordingly, we do not express such an opinion. Further, had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Governor, Commission management, and Commission Board and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Schaumburg, Illinois  
January 20, 2014

## **Golden Apple Scholars of Illinois Program**

### **Finding 2013-001      Required Signatures Missing on Checks**

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The Golden Apple Foundation for Excellence in Teaching (Foundation) did not follow its purchasing policy regarding check processing. During our testing of expenses for the Golden Apple Scholars of Illinois Program, we discovered the Foundation did not properly obtain two signatures on all checks written for more than \$7,500.

During our work associated with the Foundation's program expenses for the period July 1, 2012 through June 30, 2013, we noted 2 of 25 (8%) checks tested, totaling \$33,805, did not have a required dual (second) signature. Two signatures on checks are required in accordance with the Foundation's purchasing policy for individual checks that exceed \$7,500. All purchase orders were properly approved.

Foundation management stated the exceptions were due to the unavailability of the second authorized check signer.

Failure to properly review and sign checks, including a second review and signature where required, could result in an inappropriate use of funds. (Finding Code No. 2013-001)

#### **Recommendation**

We recommend all checks be signed in accordance with the required Foundation purchasing policy.

#### **Foundation Response**

We agree with the findings. These two checks missing signatures were isolated incidents. These two checks that were missing a signature had proper signings on their purchase orders. Following our purchasing policy is something that the Golden Apple staff is very mindful of and makes every attempt to adhere to in all instances.

**Schedule A  
Golden Apple Scholars of Illinois Program  
Schedule of Revenues and Expenditures  
for the Year Ending June 30, 2013**

**REVENUES**

<b>Appropriation from the State</b>	<b>\$4,900,000</b>
<b>Private Funding</b>	<b><u>\$ 450,000</u></b>
<b>Total Program Revenues</b>	<b><u>\$5,350,000</u></b>

**EXPENDITURES**

<b>Personnel Services (Salaries and Benefits)</b>		
Program Staff Salaries and Benefits	\$1,343,167	
<b>Total Personnel Services (Salaries and Benefits)</b>		<b>\$1,343,167</b>
<b>Summer Institute</b>		
Summer Institute at DePaul	471,352	
Summer Institute at Elmhurst College	111,893	
Summer Institute at IMSA	106,653	
Summer Institute at Dominican	72,242	
Summer Institute at EIU	57,019	
Summer Institute at SIU-E	71,986	
CORE Conference at St. Xavier	<u>49,320</u>	
<b>Total Summer Institute</b>		<b>940,465</b>
<b>General Summer Institute Expenses</b>		
SI University Liaison Meetings	689	
SI Meetings Expense	201	
SI Academic Advisor	4,304	
Outside Consultant	9,652	
Scholars Site Development	3,228	
Scholars Rec Booklet	4,865	
Recognition Reception	27,284	
Scholars Rec Photography	2,000	
Scholars Handbook	<u>2,189</u>	
<b>Total Summer Institute Expenses</b>		<b>54,412</b>
<b>Summer Institute Stipend</b>		
SI Stipend	<u>787,252</u>	
<b>Total Summer Institute Stipend</b>		<b>787,252</b>
<b>Office Expenses</b>		
Program	<u>477,865</u>	
<b>Total Office Expenses</b>		<b>477,865</b>



**Schedule A (Continued)**  
**Golden Apple Scholars of Illinois Program**  
**Schedule of Revenues and Expenditures**  
**for the Year Ending June 30, 2013**

<b>Recruitment &amp; Selection Expenses</b>		
Scholars Nomination Brochures	\$ 1,830	
Technology	5,665	
Recruitment & Placement Activities and Travel	21,376	
Scholars Interview/Selection Process	16,009	
Scholars Program Overview	<u>71</u>	
<b>Total Recruitment &amp; Selection Expenses</b>		<b>\$ 44,951</b>
 <b>Mentoring &amp; Advising</b>		
Scholars Meetings Expenses	6,222	
GATS: Advisement Program for Teaching Scholars	97,984	
Campus Visits and Travel	318	
Pizza Dough Campus Meeting Allotment to Colleges	9,585	
Advisory Consultant	<u>114,760</u>	
<b>Total Mentoring &amp; Advising</b>		<b>228,869</b>
 <b>Scholarships Paid</b>		
Scholarship-Foundation	503,750	
Scholarship-ISAC	<u>1,006,424</u>	
<b>Total Scholarships Paid</b>		<b><u>1,510,174</u></b>
 <b>Total Expenditures</b>		 <b><u>\$5,387,155</u></b>
 <b>Expenditures in Excess of Revenues</b>		 <b><u>\$ 37,155</u></b>