

WASHINGTON, PITTMAN & McKEEVER, LLC

*CERTIFIED PUBLIC ACCOUNTANTS AND
MANAGEMENT CONSULTANTS*

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STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY

COMPLIANCE EXAMINATION

FOR THE YEAR ENDED JUNE 30, 2016

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**

COMPLIANCE EXAMINATION

FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Independent Accountant's Report on State Compliance, on Internal Over Compliance, and On Supplementary Information For State Compliance Purposes	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ó Individual Governmental Funds	8
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ó Fiduciary Fund	10
Schedule of Findings	
Current Findings ó State Compliance	12
Prior Findings Not Repeated	15

Financial Statement Report

The Illinois Mathematics and Science Academy's individual governmental funds financial statement reports for the year ended June 30, 2016, which includes the Independent Auditor's Report, the financial statements for each individual governmental fund (including the General Fund, IMSA Operating Fund, IMSA Income Fund, and IMSA Special Purposes Trust Fund), and the notes to the financial statements, and the Independent Auditor's Report on Internal Control on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards have been issued under a separate cover. In addition, the Illinois Mathematics and Science Academy's fiduciary (agency) funds financial statement report for the year ended June 30, 2016, which includes the Independent Auditor's Report, the financial statements (including the IMSA Student Activities Fund), and the notes to the financial statements, and the Independent Auditor's Report on Internal Control on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards have been issued under a separate cover.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**

COMPLIANCE EXAMINATION

FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>	<u>Page</u>
Supplementary Information for State Compliance Purposes		
Summary		16
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2016	1	17
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	2	19
Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) ó Locally-Held Funds	3	21
Schedule of Changes in State Property	4	22
Comparative Schedule of Cash Receipts	5	23
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	6	24
Analysis of Significant Variations in Expenditures	7	25
Analysis of Significant Variations in Receipts	8	27
Analysis of Significant Lapse Period Spending	9	28
Analysis of Accounts Receivable	10	29
Analysis of Operations (Not examined)		
Agency Functions and Planning Program (Not examined)		30
Budget Impasse Disclosures (Not examined)		33
Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not examined)		34
Interest Costs on Fiscal Year 2016 Invoices (Not examined)		36
Average Number of Employees (Not examined)		37
Service Efforts and Accomplishments (Not examined)		38

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

AGENCY OFFICIALS

President	Dr. José M. Torres
Chief Operating Officer (July 1, 2015 to September 30, 2015)	Mary Spreitzer
Chief Operating Officer (October 1, 2015 to present)	Mr. Lawrence Bergie
Executive Director of Business and Financial Operations	Ms. Kimberly Corrao

BOARD OF TRUSTEES

Chairman	Ms. Shelia MB Griffin
1 st Vice Chairman	Dr. Paula Olszewski-Kubilius
2 nd Vice Chairmen	Dr. Erin W. Roche
Ex-Officio Member	Dr. James Applegate
Ex-Officio Member	Dr. Tony Smith
Ex-Officio Member	Dr. Karen Hunter Anderson
Ex-Officio Member	Dr. Jeffrey Craig
Trustee	Dr. Jerome öJayö Budzik
Trustee	Ms. Kathy He
Trustee	Dr. Steven T. Isoye
Trustee	Ms. Leslie N. Juby
Trustee	Dr. Alfred Tatum
Trustee	Ms. Carey L. Mayer
Trustee	Dr. Luis Núñez
Trustee	Dr. Marsha R. Rosner
Trustee	Mr. Eric R. Brown
Trustee	Dr. Herbert Steven Sims

The Academy is located at:
1500 Sullivan Rd.
Aurora, IL 60506-1000



igniting and nurturing
creative, ethical, scientific minds
that advance the human condition

December 5, 2016

Washington, Pittman & McKeever, LLC
Certified Public Accountant
819 S. Wabash, Suite 600
Chicago, IL 60605

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Mathematics and Science Academy (Academy). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Academy’s compliance with the following assertions during the two-year period ended June 30, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, the Academy has materially complied with the assertions below.

- A. The Academy has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Academy has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Academy has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Academy are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Academy on behalf of the State or held in trust by the ACADEMY have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois Mathematics and Science Academy

SIGNED ORIGINAL ON FILE

Dr. José M. Torres, President

SIGNED ORIGINAL ON FILE

Lawrence Bergie, Chief Operating Officer

SIGNED ORIGINAL ON FILE

Kimberly Corrao, Executive Director of Business and Financial Operations



**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This</u>	<u>Prior</u>
Findings	Report	Report
Repeated findings	3	2
Prior recommendations implemented or not repeated	0	0
	2	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
The audits did not disclose findings required by <i>Government Auditing Standards</i> .			
FINDINGS (STATE COMPLIANCE)			
2016-001	12	Failure to Conduct Performance Evaluations	Significant Deficiency and Noncompliance
2016-002	13	Noncompliance with Illinois Human Rights Act	Significant Deficiency and Noncompliance
2016-003	14	Noncompliance with the State Employment Records Act	Significant Deficiency and Noncompliance
Prior Findings Not Repeated			
A	15	Weaknesses with Payment Card Industry Data Security Standards	
B	15	Improper Agency Fee Imposition Report	

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

EXIT CONFERENCE

The Academy waived holding an exit conference in a communication from Kimberly Corrao, Executive Director of Business and Financial Operations, dated November 21, 2016.

Responses to the recommendations were provided by Kimberly Corrao, Executive Director of Business and Financial Operations, in a communication dated November 21, 2016.

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**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Mathematics and Science Academy's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2016. The management of the State of Illinois, Illinois Mathematics and Science Academy is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Mathematics and Science Academy's compliance based on our examination.

- A. The State of Illinois, Illinois Mathematics and Science Academy has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Mathematics and Science Academy has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Illinois Mathematics and Science Academy has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Illinois Mathematics and Science Academy are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Mathematics and Science Academy on behalf of the State or held in trust by the State of Illinois, Illinois Mathematics and Science Academy have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Mathematics and Science Academy's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Mathematics and Science Academy's compliance with specified requirements.

In our opinion, the State of Illinois, Illinois Mathematics and Science Academy complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-001 through 2016-003.

Internal Control

Management of the State of Illinois, Illinois Mathematics and Science Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2016-001, 2016-002, and 2016-003 that we consider to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Illinois Mathematics and Science Academy's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Illinois Mathematics and Science Academy's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 10 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2015 accompanying supplementary information in Schedules 2 through 8 and 10 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

WASHINGTON, PITTMAN & MCKEEVER, LLC

SIGNED ORIGINAL ON FILE

**Chicago, Illinois
December 5, 2016**

WASHINGTON, PITTMAN & McKEEVER, LLC

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting (internal control) of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a

deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Mathematics and Science Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WASHINGTON, PITTMAN & MCKEEVER, LLC

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**Chicago, Illinois
December 5, 2016**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting (internal control) of the IMSA Student Activities Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the IMSA Student Activities Fund of the State of Illinois, Illinois Mathematics and Science Academy are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Mathematics and Science Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WASHINGTON, PITTMAN & MCKEEVER, LLC

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**Chicago, Illinois
December 5, 2016**

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

CURRENT FINDINGS—STATE COMPLIANCE

2016-001 **FINDING** (Failure to Conduct Performance Evaluations)

The Illinois Mathematics and Science Academy (Academy) failed to perform annual evaluations/appraisals of non-academic staff personnel.

During our examination, we noted 34 of 40 (85%) employees selected did not have an annual evaluation completed in accordance with Academy policy. The employees not evaluated represented the non-academic staff, which is approximately 79% of the Academy employees.

The Academy's internal operating procedures require all employees to receive some form of performance evaluation on an annual basis. Generally, staff members are evaluated by their direct supervisor and evaluations are maintained electronically.

Academy personnel stated non-academic staff evaluations were not performed in Fiscal Year 2016 due to loss of the online staff evaluation system contract from the State budget impasse. The vendor refused access to the system until a payment of \$13,800 was made.

Failure to ensure all employees receive a performance evaluation in accordance with Academy policies lessens the Academy's ability to effectively manage its employees. (Finding Code No. 2016-001)

RECOMMENDATION

We recommend the Academy perform evaluation procedures for non-academic staff.

ACADEMY RESPONSE

Managing operations was challenging in Fiscal Year 2016 due to the State budget impasse. Uncertainty with respect to both the timing and the level of funding the Academy would receive made it difficult to plan an alternative course of action for evaluations. However, the Academy understands the importance of managing faculty and staff and intends to complete formal performance evaluations for all staff on or before June 30, 2017.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

2016-002 **FINDING** (Noncompliance with Illinois Human Rights Act)

The Illinois Mathematics and Science Academy (Academy) did not ensure compliance with the Illinois Human Rights Act (Act).

During our examination, we noted 1 of 5 (20%) new hires selected for testing did not receive anti-harassment training. It appears that the online training was discontinued on May 15, 2016 and there were four new hires between this date and the end of the Fiscal Year.

The Act (775 ILCS 5/2-105 (B)(5)) requires every State agency to establish, maintain and carry out a continuing sexual harassment program that would provide training on sexual harassment prevention and the agency's sexual harassment policy as a component of all ongoing or new employee training programs.

Academy personnel stated the online anti-harassment training software used had to be cancelled due to the State budget impasse. The vendor refused access to the system until a payment of \$3,800 was made. The employee was hired after the cancellation on May 15.

Failure to provide required training could lead to employees not being aware of their rights and responsibilities under the Act. (Finding Code No. 2016-002)

RECOMMENDATION

We recommend the Academy provide training for its employees as required by the Act.

ACADEMY RESPONSE

The Academy has developed and implemented a facilitated training tool to ensure compliance with the Illinois Human Rights Act and is currently implementing a new online training tool that will be effective in January 2017. With this new online training, all employees will be required to take the anti-harassment training during January, 2017.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

2016-003 **FINDING** (Noncompliance with the State Employment Records Act)

The Illinois Mathematics and Science Academy (Academy) did not have adequate controls to ensure compliance with the State Employment Records Act (Act).

We noted the Agency Workforce Report (Report) provided for our testing was not certified and signed by an official of the Academy who is responsible for the information provided. Additionally, the Academy did not provide supporting documentation used in the completion of the Report.

The State Employment Records Act (5 ILCS 410/20) requires State agencies to collect, classify, maintain, and report all information required by this Act on a Fiscal Year basis. Agencies are to file a copy of all report with the Office of the Secretary of State and with the Governor by January 1, annually.

Additionally, the State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Academy personnel stated the employee who completed the report has separated from the Academy, hence they were not able to obtain the supporting documents used and a signed copy was not maintained prior to submitting to the State.

Failure to maintain adequate records used in completing the Report does not ensure compliance with State statutes. (Finding Code No. 2016-003)

RECOMMENDATION

We recommend the Academy ensure approval and proper documentation is maintained to support filing of the Agency Workforce Report.

ACADEMY RESPONSE

The Academy did complete, certify and file the Agency Workforce Report in a timely manner however due to oversight, a copy of the certified report was not maintained. The Academy understands the importance of maintaining records to support compliance with the State Employment Records Act and will implement steps to ensure both a certified copy and related supporting documentation is maintained.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

During the prior examination, the Illinois Mathematics and Science Academy (Academy) did not complete all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

In the current examination, our testing indicated the Academy complied with the PCI DSS. (Finding Code No. 2015-001)

B. **FINDING** (Improper Agency Fee Imposition Report)

During the prior examination, the Academy did not properly report all fees collected on the 2015 Agency Fee Imposition Reports submitted to the Illinois Office of the Comptroller.

In the current examination, our testing indicated the Academy appropriately reported all fees collected on the 2016 Agency Fee Imposition Reports submitted to the Illinois Office of the Comptroller. (Finding Code No. 2015-002)

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)
 - ó Locally-Held Funds
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations (Not examined):
 - Agency Functions and Planning Program (Not examined)
 - Budget Impasse Disclosures (Not examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not examined)
 - Interest Costs on Fiscal Year 2016 Invoices (Not examined)
 - Average Number of Employees (Not examined)
 - Service Efforts and Accomplishments (Not examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 accompanying supplementary information in Schedules 1 through 10. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2016
FOURTEEN MONTHS ENDED AUGUST 31, 2016

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>APPROPRIATED FUNDS:</u>					
<u>EDUCATION ASSISTANCE FUND - 007 (P.A. 98-0502 and Court-Ordered Expenditures)</u>					
Operational Expenses-Lump Sum & Other Purposes					
Personal Services	\$ 11,855,100	\$ 11,148,814	\$ 706,270	\$ 11,855,084	\$ 16
State Contributions to Social Security, for Medicare	175,500	159,600	10,015	169,615	5,885
Lump Sums and Other Purposes	6,000,000	3,705,444	2,225,751	5,931,195	68,805
	<u>18,030,600</u>	<u>15,013,858</u>	<u>2,942,036</u>	<u>17,955,894</u>	<u>74,706</u>
Total - Fund 007					
<u>INCOME FUND - 768 (P.A. 98-0491)</u>					
Personal Services	2,261,900	1,088,500	86,473	1,174,973	1,086,927
State Contributions to Social Security, for Medicare	45,900	22,459	2,563	25,022	20,878
Contractual Services	294,700	126,686	2,053	128,739	165,961
Travel	126,700	7,814	4,030	11,844	114,856
Commodities	143,200	64,663	22,415	87,078	56,122
Equipment	65,000	1,324	2,352	3,676	61,324
Telecommunication Services	80,000	6,526	398	6,924	73,076
Operation of Automotive Equipment	5,000	3,537	-	3,537	1,463
Refunds	27,600	1,021	-	1,021	26,579
	<u>3,050,000</u>	<u>1,322,530</u>	<u>120,284</u>	<u>1,442,814</u>	<u>1,607,186</u>
Total - Fund 768					
TOTAL - ALL APPROPRIATED FUNDS	<u><u>\$ 21,080,600</u></u>	<u><u>\$ 16,336,388</u></u>	<u><u>\$ 3,062,320</u></u>	<u><u>\$ 19,398,708</u></u>	<u><u>\$ 1,681,892</u></u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2016
FOURTEEN MONTHS ENDED AUGUST 31, 2016

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>NON-APPROPRIATED FUNDS:</u>					
<u>SPECIAL PURPOSES TRUST FUND - 359</u>					
Personal Services		\$ 143,095	\$ 34,709	\$ 177,804	
Retirement		13,766	2,918	16,684	
State Contributions for Social Security, for Medicare		2,830	1,172	4,002	
Employer Contributions for Group Insurance		26,028	-	26,028	
Contractual Services		204,132	32,607	236,739	
Travel		32,750	3,063	35,813	
Commodities		165,179	12,914	178,093	
Printing		1,001	-	1,001	
Equipment		27,974	15,918	43,892	
Electronic Data Processing		206	-	206	
Awards and Grants		500	7,000	7,500	
Permanent Improvements		196,130	209,098	405,228	
Refunds		70,101	-	70,101	
TOTAL - ALL NON-APPROPRIATED FUNDS		<u>\$ 883,692</u>	<u>\$ 319,399</u>	<u>\$ 1,203,091</u>	
GRAND TOTAL - ALL FUNDS	<u>\$ 21,080,600</u>	<u>\$ 17,220,080</u>	<u>\$ 3,381,719</u>	<u>\$ 20,601,799</u>	<u>\$ 1,681,892</u>

Note 1:

Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Academy records.

Note 2:

Expenditure amounts are vouchers approved for payment by the Academy and submitted to the State Comptroller for payment to the vendor.

Note 3:

During Fiscal Year 2016, the Academy operated without enacted appropriations until Public Act 99-0491, Public Act 99-0502, and Public Act 99-0524 were signed into law on December 7, 2015, April 25, 2016, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Academy's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007.

**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	FISCAL YEAR	
	2016	2015
	P.A. 98-0502 & Court Ordered Payroll	P.A. 98-0678 & P.A. 99-0001
<u>EDUCATION ASSISTANCE FUND - 007</u>		
<u>Appropriations (Net after Transfers)</u>	\$ 18,030,600	\$ 18,030,700
<u>Expenditures</u>		
Personal Services	11,855,084	12,478,995
Retirement	-	100
State Contributions to Social Security, for Medicare	169,615	181,252
Contractual Services	-	4,064,400
Travel	-	75,370
Commodities	-	276,840
Equipment	-	513,349
Electronic Data Processing	-	122,500
Telecommunication Services	-	97,800
Operation of Automotive Equipment	-	48,608
Lump Sums and Other Purposes	5,931,195	-
	<u>17,955,894</u>	<u>17,859,214</u>
Total Expenditures	<u>17,955,894</u>	<u>17,859,214</u>
<u>Lapsed Balances</u>	<u>\$ 74,706</u>	<u>\$ 171,486</u>
	P.A. 98-0491	P.A. 98-0678
<u>INCOME FUND - 768</u>		
<u>Appropriations (Net after Transfers)</u>	\$ 3,050,000	\$ 3,050,000
<u>Expenditures</u>		
Personal Services	1,174,973	2,117,818
State Contributions to Social Security, for Medicare	25,022	42,030
Contractual Services	128,739	222,699
Travel	11,844	15,672
Commodities	87,078	101,085
Equipment	3,676	31,994
Telecommunication Services	6,924	12,708
Operation of Automotive Equipment	3,537	4,667
Refunds	1,021	-
	<u>1,442,814</u>	<u>2,548,673</u>
Total Expenditures	<u>1,442,814</u>	<u>2,548,673</u>
<u>Lapsed Balances</u>	<u>\$ 1,607,186</u>	<u>\$ 501,327</u>
<u>GRAND TOTAL, ALL APPROPRIATED FUNDS</u>		
Appropriations (Net after Transfers)	\$ 21,080,600	\$ 21,080,700
Total Expenditures	<u>19,398,708</u>	<u>20,407,887</u>
Lapsed Balances	<u>\$ 1,681,892</u>	<u>\$ 672,813</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Schedule 2

	FISCAL YEAR	
	2016	2015
<u>SPECIAL PURPOSES TRUST FUND - 359</u>		
<u>Non-appropriated fund</u>		
<u>Expenditures</u>		
Personal Services	\$ 177,804	\$ 248,988
Retirement	16,684	24,099
State Contributions for Social Security, for Medicare	4,002	4,861
Employer Contributions for Group Insurance	26,028	35,581
Contractual Services	236,739	443,754
Travel	35,813	29,670
Commodities	178,093	206,284
Printing	1,001	652
Equipment	43,892	63,160
Electronic Data Processing	206	-
Telecommunication services	-	38
Awards and Grants	7,500	6,000
Permanent Improvements	405,228	396,895
Refunds	70,101	89,453
	<u>1,203,091</u>	<u>1,549,435</u>
Total Expenditures	<u>1,203,091</u>	<u>1,549,435</u>
<u>GRAND TOTAL, ALL NON-APPROPRIATED FUNDS</u>		
Total Expenditures	<u>1,203,091</u>	<u>1,549,435</u>
<u>GRAND TOTAL, ALL FUNDS</u>		
Total Expenditures	<u>\$ 20,601,799</u>	<u>\$ 21,957,322</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to the records of the State Comptroller.

Note: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE (CASH BASIS) - LOCALLY-HELD FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 3

<u>Fund Name/Fund Number</u>	<u>2016</u>
OPERATING FUND - 1223	
Beginning balance of cash and investments	\$ 1,840,350
Total funds received during the fiscal year	1,585,326
Total funds disbursed during the fiscal year	<u>551,577</u>
Ending balance of cash and investments	<u><u>\$ 2,874,099</u></u>
STUDENT ACTIVITY FUND - 1366	
Beginning balance of cash and investments	\$ 122,330
Total funds received during the fiscal year	558,816
Total funds disbursed during the fiscal year	<u>517,575</u>
Ending balance of cash and investments	<u><u>\$ 163,571</u></u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 4

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net</u> <u>Transfers</u>	<u>Transfers in</u> <u>from CDB</u>	<u>Balance</u> <u>June 30, 2016</u>
Land and land improvements	\$ 200,646	\$ -	\$ -	\$ -	\$ -	\$ 200,646
Building and building improvements	56,932,077	409,061	-	286,427	1,013,511	\$ 58,641,076
Equipment	<u>9,952,625</u>	<u>223,118</u>	<u>(404,787)</u>	<u>-</u>	<u>-</u>	<u>\$ 9,770,956</u>
Totals	<u>\$ 67,085,348</u>	<u>\$ 632,179</u>	<u>\$ (404,787)</u>	<u>\$ 286,427</u>	<u>\$ 1,013,511</u>	<u>\$ 68,612,678</u>

Note: This schedule was derived from the Academy's property records, which were reconciled to property reports submitted to the Office of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Schedule 5

	<u>2016</u>	<u>2015</u>
GENERAL REVENUE FUND - 001		
Prior Year Refunds	\$ 785	\$ 203
Total 001 Fund Receipts	<u>785</u>	<u>203</u>
 EDUCATION ASSISTANCE FUND		
Third Party Reimbursements	2,585	950
Prior Year Refunds	527	1,257
Total 007 Fund Receipts	<u>3,112</u>	<u>2,207</u>
 SPECIAL PURPOSES TRUST FUND - 359		
Private Grant Funds	-	-
Other Illinois State Agency Grant Funds	210,750	179,750
Federal Grant Funds	12,568	-
Private Donations	1,629,946	1,107,205
Total 359 Fund Receipts	<u>1,853,264</u>	<u>1,286,955</u>
 INCOME FUND - 768		
Student Activity Fees	1,429,400	2,159,139
Conference Fees	32,050	196,223
Miscellaneous Fees	60,620	61,767
Professional Services	-	-
Workshop Materials Fees	4,802	27,252
Prior Year Refunds	189	-
Total 768 Fund Receipts	<u>1,527,061</u>	<u>2,444,381</u>
 TOTAL RECEIPTS	<u>\$ 3,384,222</u>	<u>\$ 3,733,746</u>

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

2016					
General Revenue Fund (001)	Education Assistance Fund (007)	Special Purpose Trust Fund (359)	Income Fund (768)	Total	
Cash Receipts per Agency	\$ 785	\$ 3,112	\$ 1,853,264	\$ 1,527,061	\$ 3,384,222
Adjustments:					
Deposits in Transit, at July 1, 2015	-	-	-	38,869	38,869
Deposits in Transit, at June 30, 2016	-	-	(159,100)	(39,053)	(198,153)
Totals	<u>785</u>	<u>3,112</u>	<u>1,694,164</u>	<u>1,526,877</u>	<u>3,224,938</u>
Receipts per Comptroller (SB04)	<u>785</u>	<u>3,112</u>	<u>1,694,164</u>	<u>1,526,877</u>	<u>3,224,938</u>
Agency/Comptroller variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2015					
General Revenue Fund (001)	Education Assistance Fund (007)	Special Purpose Trust Fund (359)	Income Fund (768)	Total	
Cash Receipts per Agency	\$ 203	\$ 2,207	\$ 1,286,955	\$ 2,444,381	\$ 3,733,746
Adjustments:					
Deposits in Transit, at July 1, 2014	-	-	750	19,744	20,494
Deposits in Transit, at June 30, 2015	-	-	-	(38,869)	(38,869)
Totals	<u>203</u>	<u>2,207</u>	<u>1,287,705</u>	<u>2,425,256</u>	<u>3,715,371</u>
Receipts per Comptroller (SB04)	<u>203</u>	<u>2,207</u>	<u>1,287,705</u>	<u>2,425,256</u>	<u>3,715,371</u>
Agency/Comptroller variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

A comparative schedule of significant variations in expenditures of 20% and \$10,000 for the Fiscal Years ended June 30, 2016 and June 30, 2015 are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2016	2015	AMOUNT	PERCENT
<u>Education Assistance Fund-007</u>				
Contractual Services	-	4,064,400	(4,064,400)	(100%)
Travel	-	75,370	(75,370)	(100%)
Commodities	-	276,840	(276,840)	(100%)
Equipment	-	513,349	(513,349)	(100%)
Electronic Data Processing	-	122,500	(122,500)	(100%)
Telecommunications Services	-	97,800	(97,800)	(100%)
Operation of Automotive Equipment	-	48,608	(48,608)	(100%)
Lump Sums and Other Purposes	5,931,195	-0-	5,931,195	N/A
 <u>Income Fund - 768</u>				
Personal Services	1,174,973	2,117,818	(942,845)	(45%)
State Contributions to Social Security, for Medicare	25,022	42,030	(17,008)	(40%)
Contractual Services	128,739	222,699	(93,960)	(42%)
Equipment	3,676	31,994	(28,318)	(89%)
 <u>Special Purposes Trust Fund - 359</u>				
Personal Services	177,804	248,988	(71,184)	(29%)
Contractual Services	236,739	443,754	(207,015)	(47%)
Equipment	43,892	63,160	(19,268)	(31%)
Refunds	70,101	89,453	(19,352)	(22%)

Academy management provided the following explanations for the significant variations identified above.

Education Assistance Fund-007

Contractual Services

Travel

Commodities

Equipment

Electronic Data Processing

Telecommunications Services

Operation of Automotive Equipment

Lump Sums and Other Purposes

Overall increase in expenditures is due to an increase in the total Fiscal Year 2016 appropriation for non payroll and State Contributions to Social Security, for Medicare expenditures. Public Act 099-0502 appropriated Fiscal Year 2016 Education Assistance Funds in a lump sum compared to the prior year Act with appropriated Fiscal Year 2015 Education Assistance Funds by specific expenditure categories.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Income Fund – 768

Personal Services

The decrease in personal services expenditures was due to a number of vacancies remaining unfilled during Fiscal Year 2016. Unfilled positions were due to the absence of a budget for the first 10 months of Fiscal Year 2016. This resulted in less reliance on the Income Fund for Academy personal service expenditures.

State Contributions for Social Security, for Medicare

The decrease in State Contributions corresponds to the decrease in personal services expenditures.

Contractual Services

The decrease in contractual services expenditures was due to the absence of a budget for the first 10 months of Fiscal Year 2016. Overall spending was limited to only those expenditures deemed critical for the health and safety of students and staff and the continuation of current residential and outreach programs.

Equipment

The decrease in equipment expenditures was due a one-time, nonrecurring, Fiscal Year 2015 purchase of office furniture for newly renovated space for the Academy's professional field services department.

Special Purposes Trust Fund – 359

Personal Services

The decrease in personal services expenditures was due to the Academy receiving fewer grants for support of personal services expenditures in Fiscal Year 2016.

Contractual Services

The decrease in contractual services expenditures was due to a decrease in grants to support facility projects, the Fusion program, and enhancement of the Academy's Mentorship Matching Engine application.

Equipment

The decrease in equipment expenditures was due to a decrease in grants to support Academy outreach programs.

Refunds

The decrease in refunds was due to a decrease in Fiscal Year 2016 of grant money remaining unspent after grant end date.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2016

A comparative schedule of significant variations in receipts of 20% and \$20,000 for the Fiscal Years ended June 30, 2016 and June 30, 2015 are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2016	2015	AMOUNT	PERCENT
<u>Special Purposes Trust Fund - 359</u>				
Private Donations	\$ 1,629,946	\$ 1,107,205	\$ 522,741	47%
<u>Income Fund - 768</u>				
Student Activity Fees	1,429,400	2,159,139	(729,739)	(34%)
Conference Fees	32,050	196,223	(164,173)	(84%)
Workshop Materials Fees	4,802	27,252	(22,450)	(82%)

Academy management provided the following explanations for the significant variations in receipts.

Special Purposes Trust Fund – 359

Private Donations

The increase was due to the receipt of private donations in Fiscal Year 2016 for construction of the IN2 Innovation Center.

Income Fund – 768

Student Activity Fees

The decrease was due to a delay in the passage of the Academy's Fiscal Year 2016 Income Fund appropriation. In the absence of our Fiscal Year 2016 appropriation a greater portion of student fees were retained in the IMSA Local Fund.

Conference and Workshop Material Fees

The decrease reflects a shift in professional development offering for educators. Fewer Problem Based Learning workshops were offered and a greater emphasis was placed on educator development opportunities with the Fusion program and on campus Professional Development days.

Workshop Materials Fees

The decrease in workshop materials fees corresponds with the decrease in Conference Fees.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF SIGNIFICANT VARIATIONS LAPSE PERIOD SPENDING
FOR THE YEAR ENDED JUNE 30, 2016

Our testing of lapse period expenditures for the Fiscal Year ended June 30, 2016 disclosed the following appropriation line items with significant (20% and \$10,000 or more) lapse period expenditures, as shown below:

	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
<u>Education Assistance Fund ó 007</u>			
Lump Sums and Other Purposes	\$ 5,931,195	\$ 2,225,751	38%
<u>Income Fund - 768</u>			
Commodities	87,078	22,415	26%
<u>Special Purposes Trust Fund ó 359</u>			
Equipment	43,892	15,918	36%
Permanent Improvements	405,228	209,098	52%

Academy management provided the following explanations for the significant lapse period expenditures identified above.

Education Assistance Fund – 007

Lump Sums and Other Purposes

Academy did not receive its Fiscal Year 2016 appropriation until the end of April 2016. Transaction processing of a full year's expenditures with only two months remaining in the Fiscal Year resulted in a high volume of lapse period expenditures.

Income Fund – 768

Commodities

Lapse period expenditures include educational materials and supplies purchased for delivery of the academy's summer statewide student and educator programs.

Special Purposes Trust Fund – 359

Equipment

Lapse period expenditures included scientific and educational equipment and furniture for use in academy's newly renovated science labs and Innovation Hub (IN2) funded by grant dollars.

Permanent Improvements

Lapse period expenditures included permanent improvement work managed by the Capital Development Board for construction of the Academy's Innovation Hub (IN2) space funded by grant dollars.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF ACCOUNTS RECEIVABLE
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Schedule 10

DESCRIPTION OF ACCOUNTS RECEIVABLE	2016	2015
Student Fees-Other	\$ 95	\$ -
Student Fees	1,500	-
Private Organization Program Registration Fees	94,100	22,230
Miscellaneous	-	105,000
	<u> </u>	<u> </u>
Total Accounts Receivable	<u><u>\$ 95,695</u></u>	<u><u>\$ 127,230</u></u>

The Academy turns delinquent accounts over to a collection agency. The entire receivable balance is considered collectible and no allowance for doubtful accounts was reported.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
ACADEMY FUNCTIONS AND PLANNING PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)**

The Illinois Mathematics and Science Academy (Academy) is located at 1500 Sullivan Road, Aurora, Illinois 60506-1000. The current president of the Academy is Dr. José M. Torres. The senior administration consists of:

- José M. Torres, Ph.D. ó President
- Jeffrey Margolis, Ph.D. ó Vice President of External Engagement
- Marie Dillon Dahleh, Ph.D ó Principal
- Lawrence Bergie ó Chief Operations Officer, Chief Information Officer
- Robert Hernandez, Ed.D. - Executive Director of Student Affairs
- Traci D. Ellis, J.D. - Executive Director, Human Resources

Functions

The Academy was established in 1985 as a result of action by the State Legislature (105 ILCS 305). The internationally recognized Academy develops creative, ethical leaders in science, technology, engineering and mathematics. As a teaching and learning laboratory created by the State of Illinois, the Academy enrolls academically talented Illinois students (grades 10-12) in its advanced, residential college preparatory program, and it serves thousands of educators and students in Illinois and beyond through innovative instructional programs that foster imagination and inquiry. The Academy also advances education through research, groundbreaking ventures and strategic partnerships.

Background

The Academy's legislative mandate is to "provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching, and computer technology." The Academy serves as a catalyst and laboratory for the advancement of teaching. The primary role of the Academy is to offer a uniquely challenging education for students talented in the areas of mathematics and science. Both high school and college levels of instruction are authorized along with "other programs deemed necessary to assure the elements of a strong general education required of creative scientists." The Academy's second legislative charge is to stimulate further excellence for all Illinois schools in mathematics and science. By legislative act, the Academy's location in the Fox River Valley was established in close proximity to the national science laboratories based in Illinois.

Students who meet the following criteria are eligible to apply:

- Current Illinois resident
- Enrolled in an Illinois school at the time of application
- Completed Algebra 1 and a high school equivalent science course

Admission is determined by a competitive process in which all applicants are required to submit a specific set of materials. The process is highly competitive, though there are no minimum scores required to apply. The students who present the strongest combination of credentials are invited to attend. The Academy utilizes an accomplishment-based selection process that incorporates classroom performance, participation in extracurricular activities, and leadership history with more traditional indicators of talent

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
ACADEMY FUNCTIONS AND PLANNING PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)**

such as test scores and grades. For this reason, students with the highest test scores may not emerge as the strongest applicants in the pool for the purpose of selection. Along with these criteria, geographic and demographic variables are considered to ensure a diverse student population. Minimal fees established by the Academy's Board are charged. Budget proposals for State Appropriations are submitted to the Illinois Board of Higher Education for each Fiscal Year.

The Academy is governed by a 17 member Board of Trustees consisting of 13 appointed voting members and 4 positional non-voting members. The members, specified in the Illinois Mathematics and Science Academy Law (105 ILCS 305/3), include:

- Three representatives of the scientific community in Illinois, appointed by the Governor.
- Three representatives of the Illinois private industrial sector, appointed by the Governor.
- Two representatives of the general public at large, appointed by the Governor.
- Two representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- Three representatives of Secondary Education, one of whom must be a mathematics or science teacher, appointed by the State Superintendent of Education.
- Four ex-officio nonvoting members, the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the Board of Higher Education, and the Superintendent of Schools in the school district in which the Academy is located.

Board members serve a 6-year term. A chair is elected from among the members for a 2-year term.

The Board is authorized to:

- Accept donations, bequests, or other forms of financial assistance from any public or private person or agency.
- Purchase equipment and make improvements to facilities.
- Adopt rules, regulations and policies for the conduct of the business of the Board.
- Award certificates and issue diplomas for successful completion of programs.
- Select a Director who shall be the chief administrative officer of the Academy and who shall administer the rules, regulations and policies adopted by the Board. The Director is the chief administrative officer of the Board, responsible for all administrative functions, duties and needs of the Board.
- Determine faculty and staff positions necessary for the efficient operation and select personnel for such positions.
- Prepare and adopt an annual budget.
- Enter into contracts and agreements.
- Perform such other functions as are necessary.
- Delegate to the Director such administrative powers as deemed appropriate.
- Lease or purchase real and personal property, subject to provisions of State Law.
- Establish criteria for eligibility of applicants for enrollment.
- Determine subjects and extracurricular activities to be offered.
- Pay salaries and expenses out of funds appropriated or otherwise made available.
- Exercise budgetary responsibility.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
ACADEMY FUNCTIONS AND PLANNING PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)**

- Prescribe and select free schoolbooks provided by funding from the General Assembly.
- Adopt programs of study and rules, bylaws, and regulations for the conduct of students and for the government of the school and programs.
- Employ such personnel as may be needed, establish policies governing their employment and dismissal, and fix the amount of their compensation.

The Board meets at least 6 times a year. Day-to-day operations are directed under an administrative organization structure adopted by the President. The organizational structure consists of senior administrators made up of the Senior Vice President of Strategy and Policy, Principal, Vice President for Human Resources and Chief Operating Officer and Executive Director for Professional Field Services. Each senior administrator has additional administrative leadership positions reporting to him/her. Authority for administering budget expenditures and staff relations has been delegated to the various appropriate organizational levels.

The Academy relies on the Board of Higher Education, legal counsel, and other key contacts to stay informed of law and regulation changes applicable to its activities. Representatives from the Academy attend meetings at the Board of Higher Education in order to receive information pertinent to the Academy's activities.

Planning

On January 21, 2016 IMSA's board approved adoption of the *IMSA Impact and Outcomes* plan which details IMSA's overall impact goal: "By 2022 IMSA is a Recognized Global Leader and Catalyst in Equity and Excellence in STEM Teaching & Learning, Innovation and Entrepreneurship."

This goal will be achieved under three broad pillars: STEM Teaching and Learning, Operational Capacity, and Stakeholder Engagement. The following five priorities have been established:

1. Develop Student STEM Proficiency
2. Develop Educator STEM Proficiency
3. Strengthen Identity as Learning Laboratory
4. Increase Fiscal Sustainability
5. Build IMSA's Network

These five priorities will frame the priorities and work of the Academy's President and senior administrators in Fiscal Year 2017.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
BUDGET IMPASSE DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Academy to pay Fiscal Year 2016 costs using the Academy's Fiscal Year 2017 appropriations for non-payroll expenditures. The Academy did not have any outstanding invoices from Fiscal Year 2016 unpaid after the closure of Fiscal Year 2016 Lapse Period of August 31, 2016. Therefore, the Academy did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

Transactions Involving the Illinois Finance Authority

The Academy and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

During Fiscal Year 2015 and Fiscal Year 2016, none of the Academy's vendors participated in the Vendor Payment Program (VPP).

Vendor Support Initiative Program (VSI)

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Academy lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Academy was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the Academy receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

During Fiscal Year 2016, the Academy had 1 vendor participate in VSI for 5 invoices, totaling \$5,449. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTIONS BY
QUALIFIED PURCHASER

Qualified Purchaser	Total
A	<u>\$5,449</u>
	<u>\$5,449</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INTEREST COSTS ON FISCAL YEAR 2016 INVOICES
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

Prompt Payment Interest Costs

The Academy calculated prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Agency. The following chart shows the Academy's prompt payment interest incurred related to Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

PROMPT PAYMENT INTEREST INCURRED				
Year Ended June 30, 2016				
Fund#	Fund Name	Invoices	Vendors	Dollar Value
007	Education Assistance Fund	563	128	\$ 72,133
768	Income Fund	42	8	1,241
		605	136	\$ 73,374

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
AVERAGE NUMBER OF EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Not examined)**

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Academy records, presents the average number of employees, by function.

Full-Time Equivalent Number of Employees

<u>Funded by State appropriated funds</u>	<u>2016</u>	<u>2015</u>
Administration	7	8
Faculty	56	59
Support leadership	62	73
Instructional program assistants	6	7
Residential life	34	34
Security	10	9
Maintenance/custodians	21	21
Secretaries	33	40
Other*	46	58
	<u>275</u>	<u>309</u>
<u>Funded by non-appropriated funds</u>		
Support leadership	3	3
Administrative Support	0	1
Other*	4	4
	<u>7</u>	<u>8</u>
Grand Total	<u>282</u>	<u>317</u>

NOTE:

- * The average number of employees categorized as "Other" is not represented on a FTE basis because it is not readily determinable. "Other" employees include part-time hourly, temporary help and stipends.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

The internationally recognized Illinois Mathematics and Science Academy® (Academy) develops creative, ethical leaders in science, technology, engineering and mathematics. As a teaching and learning laboratory created by the State of Illinois, Academy enrolls academically talented Illinois students (grades 10-12) in its advanced, residential college preparatory program, and it serves thousands of educators and students in Illinois and beyond through innovative instructional programs that foster imagination and inquiry. Academy also advances education through research, groundbreaking ventures and strategic partnerships. In 2016, Academy students completed over 126,320 hours of service learning at organizations like Hesed House, Exodus Tutoring, OrthoKids and at so many more organizations.

- Student Inquiry and Research (SIR) is an integral part of the academic program that enables students to work independently with peers, prominent scholars and world-renowned scientists to pursue their own compelling questions of interest, conduct research or invent products. Students partner with distinguished professionals at colleges and universities, research institutions, businesses, and museums.
- IN2 ó the Steve and Jamie Chen Center for Innovation and Inquiry opened in September 2016 and is the first innovation center in a secondary education setting in the state of Illinois. IN2 reinforces Academy's presence as a global leader and catalyst in equity and excellence in STEM teaching, learning, innovation and entrepreneurship. IN2 is a prime example of leveraging private partnerships with state resources to expand Academy's programming and impact.
- An Academy sophomore won the Pioneer Award at the Google Science Fair from Virgin Galactic for his study of quasar lensing. Four Academy students were Illinois Regional Semi-Finalists, and two were named Finalists in the 2015 Siemens Competition in Math, Science & Technology. The Academy Chess Team placed third out of 146 in the IHSA State Chess Tournament. 39 Academy students excelled in the National Russian Essay Contest in Fiscal Year 2016 winning 20% of the gold and silver medals awarded in both Intermediate and Advanced levels in the first round and 27% of the gold medals at the Advanced level in the second round.
- In the workforce, over 5800 Academy alumni use their scientific minds to creatively solve global issues and advance the human condition. They are doctors leading breakthroughs in neurological disorders and cancer treatments. They are scientists at national laboratories. They are leaders in education at Harvard, MIT, the University of Illinois and other prestigious universities. They are technology experts at Facebook, Google, and Microsoft. They are business leaders and engineers at the Boeing Company, McDonald's Corporation, Motorola, the New York Stock Exchange, Nissan, Fermi National Accelerator Laboratory, and Shell Oil. They are entrepreneurs and co-founders of Netscape, PayPal, Yelp and YouTube.
- Members of the Academy's faculty, staff, and founders are models of professional growth and achievement. They include presidential award winners, published authors, and a Nobel Laureate in physics. In academic year 2015-2016, all 54 faculty members had advanced degrees, with 51% holding doctorate degrees; and 23% certified by the National Board of Professional Teaching Standards (NBPTS), the highest standard for excellence in the teaching profession.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(Not examined)

- The Academy delivers statewide professional development programs to teachers and enrichment programs to students in grades 3-12 at the Aurora campus and throughout Illinois, integrating science, mathematics and engineering with the use of technology. Academy has one field office, located in southwestern Illinois, the Metro East region, which offers inquiry-based, hands-on programs to Illinois teachers and students. Academy served registered students from 630 schools across the state in its student outreach programs and registered educators from 289 schools from across the state in its educator programs in Fiscal Year 2016.