



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STUDENT ASSISTANCE COMMISSION

**Compliance Examination
For the Two Years Ended: June 30, 2012**

Release Date: June 6, 2013

Summary of Findings:

• Compliance Examination	12
• Financial Audit (previously reported 2-21-13)	<u>2</u>
Total findings:	14
Total prior reports:	17
Repeated from last audit:	6

SYNOPSIS

This digest covers our compliance examination of the Illinois Student Assistance Commission (the "Commission") for the two years ended June 30, 2012. A financial audit covering the year ending June 30, 2012 was previously released on February 21, 2013. In total this report contains fourteen findings, two of which were also reported in the Financial Audit which was released on February 21, 2013.

- The Commission did not submit all contract and late filing affidavits to the Illinois Office of the Comptroller on a timely basis.
- The Commission omitted several analytical factors from its assessment of monetary award program recipients.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS STUDENT ASSISTANCE COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

EXPENDITURE STATISTICS	2012	2011	2010
Total Expenditures.....	\$ 829,218,053	\$ 860,179,054	\$ 865,333,400
OPERATIONS TOTAL.....	\$ 210,532,097	\$ 177,283,005	\$ 199,957,151
% of Total Expenditures.....	25.4%	20.6%	23.1%
Personal Services.....	12,145,634	13,238,702	13,353,951
Other Payroll Costs (FICA, Retirement).....	8,707,305	7,900,487	8,200,163
Contractual Services.....	6,584,042	7,049,623	7,390,391
Governor's Discretionary Appropriation.....	33,393,354	-	-
Prepaid Tuition.....	139,160,870	137,266,972	158,212,230
Designated Account Purchase Program.....	1,999,947	3,596,915	7,123,111
All Other Operating Expenditures.....	8,540,945	8,230,306	5,677,305
AWARDS AND GRANTS.....	\$ 618,685,956	\$ 682,896,049	\$ 665,376,249
% of Total Expenditures.....	74.6%	79.4%	76.9%
Total Receipts.....	\$ 396,344,000	\$ 438,725,000	\$ 387,000,000
Average Number of Employees.....	351	368	415

SELECTED ACTIVITY MEASURES	2012	2011	2010
Net Cost of Property and Equipment (in millions)	\$ 13.44	\$ 12.79	\$ 12.72
Investment Management Fees (in millions)	\$ 7.54	\$ 11.26	N/A
Number of Students Receiving MAP Awards *	158,119	147,210	141,380
MAP Award Grant Dollars (in millions) *	\$ 386.68	\$ 403.30	\$ 390.47
Number of Teacher Scholarships *	1,263	741	1,037
Teacher Scholarships Dollars (in millions) *	\$ 7.35	\$ 6.34	\$ 7.47
Number of Illinois Veterans Grants *	8,628	-	11,450
Illinois Veterans Grant Dollars (in millions) *	\$ 6.00	\$ -	\$ 16.81
Number of National Guard Grants *	1,907	1,294	1,931
National Guard Grant Dollars (in millions) *	\$ 2.81	\$ 2.69	\$ 4.73
Number of Robert C. Byrd Honors Scholarships *	1,058	1,316	1,322
Robert C. Byrd Honors Scholarship Dollars (in millions)*	\$ 1.02	\$ 1.94	\$ 1.96
* Unaudited			

AGENCY DIRECTOR
During Examination Period: Mr. Andrew Davis (to 7/8/11); Mr. John Sinsheimer (Interim 7/8/11-2/21/12); Mr. Eric Zarnikow (from 2/21/12 to Current) Currently: Mr. Eric Zarnikow

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTRACTS AND LATE FILING AFFIDAVITS NOT
FILED TIMELY**

**Contracts and affidavits submitted
late to the Comptroller**

The Illinois Student Assistance Commission (Commission) did not submit all contract and late filing affidavits to the Illinois Office of the Comptroller (Comptroller) on a timely basis.

During our examination of a sample of contracts, we noted the following:

- For contracts paid from appropriated funds, we noted 7 of 50 (14%) were submitted to the Comptroller late, and 6 (12%) required Late Filing Affidavits to be submitted. The contracts were filed 34 to 51 days late. These contracts totaled \$3,272,316.
- For contracts paid from non-appropriated funds, we noted that 2 of 20 (10%) contracts sampled were submitted to the Comptroller late. Further, the required Late Filing Affidavits were submitted late. One contract was 40 days late and the other 95 days late. The contracts totaled \$450,000.

According to Commission officials, the late filings were primarily due to a significant increase in the number of contracts in FY 2011. (Finding #5, page 18) **This finding was first reported in 2008.**

We recommended the Commission review its procedures for the filing of contracts with the Comptroller to ensure all documents are submitted in a timely fashion.

Commission agrees with auditors

Commission officials accepted our recommendation and indicated it had implemented quality control measures to help ensure contracts will be filed timely in the future. (For the previous Commission response, see Digest footnote #1)

**OMISSION OF ANALYTICAL FACTORS FROM
MONETARY AWARD PROGRAM ASSESSMENT**

Analytical factors omitted

The Commission omitted several analytical factors from its assessment of monetary award program recipients.

During our examination, we noted the Commission failed to assess certain aspects of monetary award program (MAP) recipients including:

- analysis of the student's chosen field of study,
- the student's class level, and
- the type of higher education institution the student is enrolled in.

Report required every two years

Since February 1, 1999, pursuant to the Higher Education Student Assistance Act (Act) (110 ILCS 947/38), the Commission has been required to submit an assessment report on MAP to the General Assembly and the Board of Higher Education at least every two years.

According to Commission officials, since legislators are periodically updated on the factors identified in the statute the annual assessment report did not specifically cover all the factors required. (Finding #9, page 23)

We recommended the Commission comply with the Act and include all information required in the MAP assessment report, in order to ensure members of the General Assembly have access to all data required by the Act or seek legislative remedy to the statutory requirement.

Commission agrees with auditors

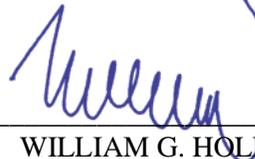
Commission officials accepted our recommendation and indicated that beginning in FY2013 the report included the elements noted, and the information will be included in submissions going forward.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Commission. We will review the Commission's progress towards the implementation of our recommendations in our next engagement.

AUDITORS' OPINION

We conducted a compliance examination of the Commission for the two years ended June 30, 2012 as required by the Illinois State Auditing Act. A financial audit covering the year ending June 30, 2012 was issued separately.



WILLIAM G. HOLLAND
Auditor General

WGH:JAF:rt

SPECIAL ASSISTANT AUDITORS

McGladrey LLP was our special assistant auditors for this engagement.

DIGEST FOOTNOTE

#1 - Contracts and Late Filing Affidavits Not Filed Timely - Previous Commission Response

The Commission will comply with SAMS requirements and file all executed contracts within the required timeframe. The Commission will also ensure that any late filing affidavits that need to be submitted are properly completed.