### GOLDEN APPLE SCHOLARS OF ILLINOIS PROGRAM

#### AGREED-UPON PROCEDURES

For the Year Ended June 30, 2020

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

## GOLDEN APPLE SCHOLARS OF ILLINOIS PROGRAM

## AGREED-UPON PROCEDURES Year Ending June 30, 2020

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#### AGREED-UPON PROCEDURES Year Ending June 30, 2020

#### **Summary**

The Illinois Student Assistance 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 exceptions related to the Golden Apple Scholars of Illinois Program. The exceptions are described within the agreed-upon procedures report. The exceptions apply only to the Golden Apple Scholars of Illinois Program and are directed to Foundation management.



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Frank J. Mautino Auditor General State of Illinois, and

Ms. Niketa Brar, Audit Committee Chair and Mr. Eric Zarnikow, Executive Director Illinois Student Assistance Commission, and

Ms. Nancy Golder Northrip, Chair of the Board of Directors and Ms. Alicia Winckler, Chief Executive Officer Golden Apple Foundation

As Special Assistant Accountants for the Auditor General, we have performed the procedures enumerated below, which were agreed to by the management of the Illinois Student Assistance Commission (Commission), management of the Golden Apple Scholars of Illinois Program (Program), and the Office of the Auditor General, on the Program's compliance with the Higher Education Student Assistance Act (110 ILCS 947/52) during the year ended June 30, 2020. The Commission and the Program's management are responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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 obtained evidence that the Commission and the Foundation Boards met during the period July 1, 2019 through June 30, 2020 (FY2020). We observed that signed minutes were prepared for the following Foundation Board meetings: October 21, 2019, November 19, 2019, and March 23, 2020. We observed that signed minutes were prepared for the following Foundation Executive Board meetings: July 15, 2019, August 18, 2019, September 16, 2019, December 16, 2019, January 28<sup>th</sup>, 2020, and April 20<sup>th</sup>, 2020. We observed that signed minutes were prepared for the following Commission Board meetings: September 12, 2019, December 5, 2019, April 28, 2020, and June 18, 2020. We read the aforementioned meeting minutes.
- 3. We obtained a listing of participants in the program as of June 30, 2020, provided to us by the Foundation from the Foundation's "FileMaker" database, which is maintained by the Foundation's Director of Research, Analytics, and Accountability, and we extracted and summarized the following data:
  - a. 715 participants received scholarship funding during Fiscal Year 2020.
  - b. 717 participants were in school as of June 30, 2020.
  - c. 599 participants have completed school and are currently fulfilling their teaching requirement as of June 30, 2020.

- d. 20 participants have not fulfilled their teaching requirement and are repaying their scholarship as of June 30, 2020.
- e. \$145,982 was collected by the Foundation during Fiscal Year 2020 on repayments of scholarships.
- 4. We obtained and read 23 Illinois Administrative Code Part 2764 Golden Apple Scholars of Illinois Program (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 these scholarships. This information was provided by the Commission's Director of the Department of Program and Product Services in the Program Services and Compliance Division. From this listing we haphazardly selected 25 students who received a scholarship award. For each student selected, we obtained the student's file from the Foundation and performed the following:
  - a. Inspected the student's application and other documents pertaining to eligibility and observed the applicant's eligibility was supported by copies of the following, which were maintained in the file: social security card and personal information (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 8 semesters or 12 quarters of scholarship assistance. No exceptions were noted.
  - e. Confirmed that the Foundation documented that the individual met the citizenship requirement. We noted the files at the Foundation did not include documentation of citizenship for 2 of the 25 students who received a scholarship award. Past policy noted that citizenship was documented by the student with their respective FAFSA form at the college/university. The Foundation updated its policies in Fiscal Year 2018 so that new scholar applicants now must include citizenship documentation with their application.
- 5. We obtained a listing of participants in the Program as of June 30, 2020, provided to us by the Foundation from the Foundation's "FileMaker" database, which is maintained by the Foundation's Director of Research, Analytics, and Accountability. This listing contains all students receiving scholarship assistance and indicates the county in which the student resides. The Code requires that at least 30% 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 36% of students reside in such counties.
- 6. The Director of Research, Analytics, and Accountability 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:
    - i. Signed mentoring site visit notes, which indicated that the recipient began teaching within the requisite years by policy following completion of the postsecondary education degree or certificate program for which the scholarship was awarded. No exceptions were noted.
    - ii. Signed mentoring site visit notes (verification of employment form) which supported the scholarship recipients' fulfillment of their five-year teaching obligation. No exceptions were noted.

- b. We noted that there was a total of 20 prior scholarship recipients who have not fulfilled their teaching requirement. Therefore, instead of haphazardly selecting 25 samples, we tested all 20 students by obtaining scholarship repayment history information from the Foundation's "FileMaker" database. We observed that interest at a rate of 5% per annum was charged to recipients sampled for loans made subsequent to Fiscal Year 2010. 14 of the 20 recipients were charged the correct interest. Of the 6 who were not charged interest:
  - i. 3 of the recipients had a payment plan that was yet to be established; therefore, the Foundation did not charge interest for these three as there was no payment currently due.
  - ii. 1 recipient had already paid back the GAF in full; thus, an interest charge was not due or required.
  - iii. 2 of the recipients had no loan records on file. ISAC was not notified by GAF that these students did not fulfill their teaching requirement, so no loans were generated. As such, no support could be obtained to test the interest rates.
- 7. We obtained and read the policies and procedures for obligating and spending program funds received from the Director of Research, Analytics, and Accountability. We obtained the Schedule of Program Revenues and Expenditures for the year ended June 30, 2020 (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:
    - i. 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. One exception was noted as support could not be provided for this expenditure.
    - ii. The invoice or other support contained required supervisor approval as outlined in the policies and procedures. One exception was noted as support could not be provided for this expenditure. Please note, this is not a separate incident noted in "i" above.
    - iii. The associated checks to determine if two signatures were included, as required in the policies and procedures. One exception was noted as support could not be provided for this expenditure. Please note, this is not a separate incident noted in "i" above.
    - iv. Persons with signature authority did not approve their own expenditures. One exception was noted as support could not be provided for this expenditure. Please note, this is not a separate incident noted in "i" above.
  - b. For the selected payroll expenditures, we:
    - i. 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. No exceptions were noted.
- 8. We obtained the Schedule of Revenues and Expenditures for the year ended June 30, 2020 (Schedule A):
  - We agreed "Appropriations from the State" and Commission scholarship expenditures (Scholarships – ISAC) to the Commission's general ledger. No exceptions were noted when agreeing "Appropriations from the State". However, the Scholarships - ISAC exceeded the Commission's general ledger by \$466.
  - 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 actual expenditures of \$7,282,346 did exceed the appropriation limit of \$7,281,880 as passed by the State of Illinois General Assembly. The expenditures did exceed the budgeted amount of \$4,770,800 as the budget does not include ISAC-

funded scholarships totaling \$2,511,080. When considering the expenditures less the ISAC-funded scholarships, actual expenditures of \$4,771,226 exceeded the budget by \$466.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Higher Education Student Assistance Act (110 ILCS 947/52) during the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. 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 Commission, management of the Program, and the Office of the Auditor General and is not intended to be, and should not be, used by anyone other than the specified parties.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oak Brook, Illinois February 22, 2021

#### Schedule A Golden Apple Scholars of Illinois Program Schedule of Revenue and Expenditures for the Year Ending June 30, 2020

## REVENUES

| Appropriation from the State                                                                                                                                                                                                               | \$ | 7,281,880 |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------|--|
| Private Funding                                                                                                                                                                                                                            |    | 566,425   |  |
| Other Contract Revenue                                                                                                                                                                                                                     |    | 465,500   |  |
| Total Program Revenues                                                                                                                                                                                                                     | \$ | 8,313,805 |  |
| EXPENDITURES                                                                                                                                                                                                                               |    |           |  |
| Personnel Services (Salaries and Benefits)   Program Staff Salaries and Benefits \$ 954,704                                                                                                                                                |    |           |  |
| Total Personnel Services (Salaries and Benefits)                                                                                                                                                                                           | \$ | 954,704   |  |
| Summer Institute52,590Instructors52,590Reflective Leaders128,027Leads69,072Supplies9,421Room & Board518,851Summer Institute Transportation59,514Background Checks11,086Contracted Services95,732SI Stipends1,363,000Total Summer Institute |    | 2,307,293 |  |
| Scholar Induction2,495Inductions2,790Technology2,790                                                                                                                                                                                       |    | 5,285     |  |
| Academic and Social Emotional Support1,196Campus Visits and Lodging1,125Meeting1,125Supplies1,845Total Academic and Social Emotional Support                                                                                               |    | 4,166     |  |

#### Schedule A Golden Apple Scholars of Illinois Program Schedule of Revenue and Expenditures for the Year Ending June 30, 2020

| for the Year Ending June 30, 2020                     |                    |
|-------------------------------------------------------|--------------------|
| Recruitment and Selection Expenses                    |                    |
| Technology 9,342                                      |                    |
| Recruitment and Placement Activities and Travel 7,470 |                    |
| Recruitment Resources 9,663                           |                    |
| Total Recruitment and Selection Expenses              | 26,475             |
| Curriquium recearch & Analytics                       |                    |
| Curriculum, research & Analytics                      |                    |
| Contracted Services 230,420                           |                    |
| General Expenses 380                                  |                    |
| Technology 13,266                                     |                    |
| Total Curriculum, Research & Analytics                | 244,066            |
| Accelerator                                           |                    |
| Stipend 400,000                                       |                    |
| Recruitment Communications 120,426                    |                    |
| Legal 5,902                                           |                    |
| Travel 4,128                                          |                    |
| Training 68                                           |                    |
|                                                       |                    |
| •                                                     | 500.004            |
| Total Accelerator                                     | 532,324            |
| Crystal Ball                                          |                    |
| Communication 18,096                                  |                    |
| Contracted Services 6,300                             |                    |
| Total Crystal Ball                                    | 24,396             |
| Alumni Relations                                      |                    |
| Placement Activities                                  |                    |
| Alumni Events 2,116                                   |                    |
| ,                                                     |                    |
| Technology 102                                        |                    |
| Total Alumni Relations41                              | 2,259              |
| Mentoring and Advising                                | _,                 |
| Technology 16,915                                     |                    |
| Travel 61,988                                         |                    |
| Scholars Meeting Expenses 3,509                       |                    |
| GATS: Contracted - Mentors 328,901                    |                    |
| GATS: Coneference & Membership 10,232                 |                    |
| Supplies 768                                          |                    |
| Total Mentoring and Advising                          | 422,313            |
|                                                       |                    |
| Indirect Cost                                         |                    |
| Indirect Cost 247,985                                 |                    |
| Total Indirect Cost                                   | 247,985            |
| Scholarships Paid                                     |                    |
| Scholarship-ISAC 2,511,080                            |                    |
| Total Scholarships Paid                               | 2,511,080          |
|                                                       |                    |
| Total Expenditures                                    | 7,282,346          |
| Revenues in Excess of Expenditures                    | \$ 1,031,459       |
|                                                       | <u>Ψ 1,001,400</u> |