



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, 2014**

Release Date: April 2, 2015

FINDINGS THIS AUDIT: 6				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2012		14-2, 14-5	
Category 2:	2	3	5	2010		14-3	
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>	2009			14-1
TOTAL	2	4	6				
FINDINGS LAST AUDIT: 14							

INTRODUCTION

This digest covers our compliance examination of the Illinois Student Assistance Commission (Commission) for the two years ended June 30, 2014. A financial audit covering the year ending June 30, 2014 was previously released on February 11, 2015. In total, this report contains 6 findings, one of which was also reported in the Financial Audit.

SYNOPSIS

- (14-4) The Commission did not perform the required compliance reviews over schools receiving Monetary Award Program funds.

GOLDEN APPLE SCHOLARS OF ILLINOIS PROGRAM

Pursuant to the Higher Education Student Assistance Act, the Commission administers the Golden Apple Scholars of Illinois Program which is managed by the Golden Apple Foundation for Excellence in Teaching. During procedures performed, the auditors identified instances of noncompliance related to the Golden Apple Scholars of Illinois Program which is described in the separate agreed-upon procedures report.

- Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
- Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
- Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS STUDENT ASSISTANCE COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014**

EXPENDITURE STATISTICS	2014	2013	2012
Total Expenditures.....	\$ 756,559,066	\$ 757,185,279	\$ 829,218,053
OPERATIONS TOTAL.....	\$ 168,959,787	\$ 167,223,783	\$ 204,943,704
% of Total Expenditures.....	22.3%	22.1%	24.7%
Personal Services.....	14,109,623	13,836,803	12,145,634
Other Payroll Costs (FICA, Retirement).....	10,948,637	11,409,392	8,707,305
Contractual Services.....	4,174,707	7,125,375	6,584,042
Governor's Discretionary Appropriation.....	-	-	33,393,354
Prepaid Tuition.....	135,797,559	128,839,590	139,160,870
Designated Account Purchase Program.....	1,063,114	2,845,126	1,999,947
All Other Operating Expenditures.....	2,866,147	3,167,497	2,952,552
AWARDS AND GRANTS.....	\$ 587,599,279	\$ 589,961,496	\$ 624,274,349
% of Total Expenditures.....	77.7%	77.9%	75.3%
Monetary Award Program Grant Awards.....	372,328,050	370,922,890	386,057,837
Golden Apple Scholars.....	6,467,917	4,895,000	324,660
All Other Awards and Grants.....	208,803,312	214,143,606	237,891,852
Total Receipts.....	\$ 380,755,000	\$ 384,470,000	\$ 395,657,000
Average Number of Employees (Unaudited).....	362	356	351
SELECTED ACTIVITY MEASURES	2014	2013	2012
Net Cost of Property and Equipment (in millions)	\$ 14.17	\$ 17.96	\$ 15.72
Investment Management Fees (in millions)	\$ 7.33	\$ 7.74	\$ 7.54
Number of Students Receiving MAP Awards *	136,563	140,973	158,119
MAP Award Grant Dollars (in millions) *	\$ 372.19	\$ 370.78	\$ 386.68
Number of Illinois Veterans Grants *	7,516	8,148	8,628
Illinois Veterans Grant Dollars (in millions) *	\$ 31.03	\$ 32.69	\$ 6.00
Number of National Guard Grants *	1,855	1,856	1,907
National Guard Grant Dollars (in millions) *	\$ 7.52	\$ 7.48	\$ 2.81
Number of Teacher Scholarships *	486	523	1,059
Teacher Scholarships Dollars (in millions) *	\$ 2.34	\$ 2.49	\$ 3.71
Number of Golden Apple Scholarships *	360	165	204
Golden Apple Scholarship Dollars (in millions)*	\$ 1.29	\$ 1.01	\$ 3.64
* Unaudited			
AGENCY DIRECTOR			
During Examination Period: Mr. Eric Zarnikow			
Currently: Mr. Eric Zarnikow			

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LACK OF COMPLIANCE REVIEWS OVER
MONETARY AWARD PROGRAM FUNDS**

The Commission did not perform the required compliance reviews over schools receiving Monetary Award Program (MAP) funds.

**Only 29 of 141 schools required
MAP compliance reviews performed**

During the examination, it was noted that as of June 30, 2014, only 29 of 141 (21%) schools had their required compliance reviews performed in the preceding three year period. ISAC would have needed to review, on average, 47 schools each year to cover all 141 schools over a three year period.

**The 29 MAP compliance reviews
performed resulted in the recovery
of funds**

During Fiscal Year 2014, 2013 and 2012 the Commission awarded \$373, \$371, and \$387 million in MAP funds, respectively.

In addition, the results of the 29 required compliance reviews indicated that several students had become ineligible after the initial award. The Commission recovered \$70,351, \$72,513, and \$275,124, respectively, in MAP funds from the schools with these students. (Finding 4, pages 15-16)

Commission agrees with auditors

We recommended the Commission follow the plan to perform timely compliance reviews, so that all schools are reviewed at least every three years as required by the Illinois Administrative Code.

Commission officials agreed with the recommendation and are taking steps to review the process and perform the required school reviews on a timely basis going forward.

OTHER FINDINGS

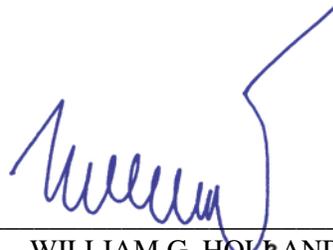
The remaining findings are reportedly being given attention by the Commission. We will review the Commission's progress towards the implementation of our recommendations in our next engagement.

AUDITOR'S OPINION

A financial audit covering the year ending June 30, 2014 was issued separately. Our auditors stated the financial statements of the Commission are fairly presented in all material respects. Auditors included a paragraph emphasizing that the Illinois Prepaid Tuition Program has a deficit of \$276 million as of June 30, 2014.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2014, as required by the Illinois State Auditing Act. The auditors stated the Commission complied, in all material respects, with the requirements described in the report.



WILLIAM G. HOLLAND
• Auditor General

WGH:JGR

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this examination were McGladrey LLP.