



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STUDENT ASSISTANCE COMMISSION

Compliance Examination
 For the Two Years Ended June 30, 2016

Release Date: April 27, 2017

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2010		16-2	
Category 2:	0	1	1	2009			16-1
Category 3:	0	1	1				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 6							

INTRODUCTION

This digest covers our Compliance Examination of the Illinois Student Assistance Commission (Commission) for the two years ended June 30, 2016. A separate Financial Audit as of and for the year ending June 30, 2016, was previously released on January 24, 2017. In total, this report contains two findings, one of which was reported in the Financial Audit.

SYNOPSIS

- (16-2) The Commission did not did not complete all required employee performance evaluations in a timely manner.

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, 2016**

EXPENDITURE STATISTICS	2016	2015	2014
Total Expenditures.....	\$ 515,935,467	\$ 710,743,978	\$ 756,559,066
OPERATIONS TOTAL.....	\$ 180,095,998	\$ 171,181,675	\$ 168,854,690
% of Total Expenditures.....	34.9%	24.1%	22.3%
Personal Services.....	7,122,916	7,226,970	14,109,623
Other Payroll Costs (FICA, Retirement).....	6,145,344	5,777,904	10,948,637
Contractual Services.....	7,036,271	6,808,571	4,174,707
To Support Administrative Activities.....	6,022,894	572,407	-
Prepaid Tuition.....	147,184,674	145,719,663	135,797,559
Designated Account Purchase Program.....	729,413	728,817	1,063,114
All Other Operating Expenditures.....	5,854,486	4,347,343	2,761,050
AWARDS AND GRANTS.....	\$ 335,839,469	\$ 539,562,303	\$ 587,704,376
% of Total Expenditures.....	65.1%	75.9%	77.7%
Monetary Award Program Grant Awards.....	169,793,215	364,049,979	372,328,050
Golden Apple Scholars.....	-	6,491,769	6,467,917
All Other Awards and Grants.....	166,046,254	169,020,555	208,908,409
Total Receipts.....	\$ 355,106,000	\$ 348,746,000	\$ 380,755,000
Average Number of Employees (Unaudited).....	281	321	362
SELECTED ACTIVITY MEASURES	2016	2015	2014
Net Cost of Property and Equipment (in thousands)	\$ 13,020	\$ 13,743	\$ 14,173
Investment Management Fees	\$ 5,414,819	\$ 6,929,983	\$ 7,327,439
Number of Students Receiving MAP Awards *	107,057	128,399	136,563
MAP Award Grant Dollars *	\$ 319,817,312	\$ 357,158,718	\$ 372,188,694
Number of Illinois Veterans Grants *	5,373	6,182	7,516
Illinois Veterans Grant Dollars *	\$ 23,440,145	\$ 26,901,464	\$ 31,025,842
Number of National Guard Grants *	1,978	2,104	1,855
National Guard Grant Dollars *	\$ 12,486,737	\$ 9,956,345	\$ 7,517,644
Number of Teacher Scholarships *	0	489	486
Teacher Scholarships Dollars *	\$ 0	\$ 1,791,648	\$ 2,342,255
Number of Golden Apple Scholarships *	764	404	360
Golden Apple Scholarship Dollars *	\$ 2,718,892	\$ 1,464,584	\$ 1,294,166
* Unaudited			
AGENCY DIRECTOR			
During Examination Period: Mr. Eric Zarnikow			
Currently: Mr. Eric Zarnikow			

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**EMPLOYEE PERFORMANCE EVALUATIONS NOT
COMPLETED TIMELY**

The Commission did not complete all required employee performance evaluations in a timely manner.

16 annual performance evaluations were submitted between 3 to 80 days late

We noted 16 of 47 (34%) annual performance evaluations were submitted between 3 and 80 days late to the Human Resource Department (HRD). (Finding 2, page 12). **This finding has been repeated since 2010.**

We recommended the Commission develop controls to complete performance evaluations timely.

Commission agreed with auditors

Commission officials agreed with the finding and stated they have embarked on a new evaluation system that is ongoing and provides employees and their managers the opportunity to meet more often, as needed, to set goals and measure those goals. This will help ensure that performance appraisals are done consistently and in a timely manner (*For the previous Commission response, see Digest Footnote #1.*)

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

The Financial Audit report was previously released. The auditors stated the financial statements of the Commission as of and for the year ended June 30, 2016 are fairly stated in all material respects. Auditors included a paragraph emphasizing that the Illinois Prepaid Tuition Program has a deficit of \$215 million as of June 30, 2016.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants stated the Commission complied, in all material respects, with the requirements described in the report.

This engagement was conducted by RSM US LLP.

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BRUCE L. BULLARD
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JGR

DIGEST FOOTNOTES

**#1 - EMPLOYEE PERFORMANCE EVALUATIONS
NOT COMPLETED TIMELY**

2014: We agree with the recommendation. The Agency Human Resources Department will continue to follow up with management to ensure that the employee performance evaluations are submitted timely or that extension requests are submitted timely.