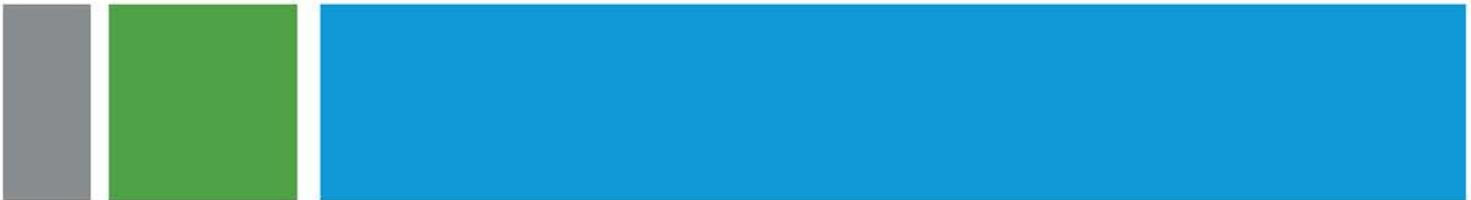


Golden Apple Scholars of Illinois Program

Agreed-Upon Procedures
For the Year Ended June 30, 2016

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



Golden Apple Scholars of Illinois Program

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Golden Apple Scholars of Illinois Program

Agreed-Upon Procedures Report

Summary

The 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. Kim Savage, Audit Committee Chair and
Mr. Erik Zarnikow, Executive Director
Illinois Student Assistance Commission, and

Mr. David Chandler
Chair of the Board of Directors
Golden Apple Foundation

As Special Assistant Accountants for the Auditor General, we have performed each of the procedures enumerated below, which were agreed to by management of the Illinois Student Assistance Commission, management of the Golden Apple Scholars of Illinois Program and the Office of the Auditor General. The procedures performed were solely to assist you in evaluating certain financial and other records of the Golden Apple Scholars of Illinois Program (Program) for the year ended June 30, 2016 pursuant to the Higher Education Student Assistance Act (110 ILCS 947/52). The Illinois Student Assistance Commission (Commission) and the Golden Apple Foundation for Excellence in Teaching (Foundation) are responsible for the financial and other records of the Golden Apple Scholars of Illinois Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 described 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, 2015 through June 30, 2016 (FY2016). We observed that signed minutes were prepared for the following Foundation Board meetings: December 15, 2015, March 8, 2016, and June 28, 2016. We observed that signed minutes were prepared for the following Commission Board meetings: October 15, 2015, November 18, 2015, January 28, 2016, April 8, 2016, and June 17, 2016. We read the aforementioned meeting minutes.
3. We obtained a listing of participants in the program as of June 30, 2016, provided to us by the Foundation from the Foundation's "FileMaker" database, which is maintained by the Foundation's Program Director, and we abstracted the following Golden Apple Program (Program) data:
 - a. 476 participants received scholarship funding during fiscal year 2016.
 - b. 544 participants were in school as of June 30, 2016.
 - c. 385 participants have completed school and are currently fulfilling their teaching requirement as of June 30, 2016.

- d. 77 participants have not fulfilled their teaching requirement and are repaying their scholarship to the Foundation as of June 30, 2016.
 - e. \$268,032 was collected by the Foundation during fiscal year 2016 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 Services. From this listing: we haphazardly selected 25 students who received a scholarship award. For each student selected, we obtained the student's program file from the Foundation, and performed the following:
- a. Inspected the student's application and other documents pertaining to program eligibility and we observed the applicant's eligibility was supported by copies of the following which were maintained in the file: social security card and personal identification (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 program documented that the student met the citizenship requirement. We noted the program did not document that the student met the citizenship requirement.
5. We obtained a listing of participants in the Program as of June 30, 2016, provided to us by the Foundation from the Foundation's "FileMaker" database, which is maintained by the Foundation's Program Director. This listing contains all students receiving scholarship assistance and indicates the county in which the student resides. The Code requires that at least 30 percent 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 35% of students reside in such counties.
6. The Program Director 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:
 - 1) Signed mentoring site visit notes, which indicated that the recipient began teaching within two years following completion of the postsecondary education degree or certificate program for which the scholarship was awarded. Two exceptions were noted where the Program did not have evidence of the recipients meeting this requirement.
 - 2) Signed mentoring site visit notes (verification of employment form) which supported the scholarship recipients' fulfillment of their five-year teaching obligation. Two exceptions were noted in which the recipients did not meet this requirement, and one exception was noted as the Program did not retain verification of employment forms for 4 out of the 5 years.

- b. We haphazardly selected 25 prior scholarship recipients who have not fulfilled their teaching requirement and obtained 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. All of the 25 recipients were charged interest. No exceptions were noted.
- 7. From the Program Director of the Foundation we obtained and read the policies and procedures for obligating and spending program funds. We obtained the Schedule of Program Revenues and Expenditures for the year ended June 30, 2016 (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:
 - 1) 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 where the program provided a check in the amount of \$380 to a University for promoting the Program but did not maintain an invoice to ensure that the funds were used directly for that purpose.
 - 2) The invoice or other support contained required supervisor approval as outlined in the policies and procedures. No exceptions were noted.
 - 3) We reviewed the associated checks to determine if two signatures were included, as required in the policies and procedures. No exceptions were noted.
 - 4) Persons with signature authority did not approve their own expenditures. No exceptions were noted.
 - b. For the selected payroll expenditures we:
 - 1) 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. One exception was noted where the gross pay did not equal the number of hours worked times the pay rate due to the inclusion of a \$36,000 bonus.
- 8. We obtained the Schedule of Revenues and Expenditures for the year ended June 30, 2016 (Schedule A):
 - a. We agreed "Appropriations from the State" and Commission scholarship expenditures (Scholarships – ISAC) to the Commission's general ledger. No exceptions were noted.
 - 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 exceeded budgeted expenditures by \$2,576,221.

We were not engaged to, and did not conduct an audit of the Golden Apple Scholars of Illinois Program's revenues and expenditures for the year ended June 30, 2016, the objective of which would be the expression of an opinion on the revenues and expenditures. Accordingly, we do not express such an opinion. 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 Auditor General, the General Assembly, the Governor, Commission management, the Commission Board and the Board and management of the Golden Apple Foundation and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
March 10, 2017

**Schedule A
Golden Apple Scholars of Illinois Program
Schedule of Revenues and Expenditures
for the Year Ending June 30, 2016**

REVENUES

Appropriation from the State	\$3,579,799
Private Funding	<u>\$748,746</u>
Total Program Revenues	<u>\$4,328,545</u>

EXPENDITURES

Personnel Services (Salaries and Benefits)			
Program Staff Salaries and Benefits	\$ 1,613,494		
Total Personnel Services (Salaries and Benefits)			\$1,613,494
Summer Institute			
Summer Institute at SXU	\$ 257,894		
Summer Institute at DePaul	344,654		
Summer Institute at Elmhurst College	216,214		
Summer Institute at IMSA	80,740		
Summer Institute at Dominican	62,979		
Summer Institute at EIU	61,729		
Summer Institute at SIU-E	84,523		
Summer Institute at DePaul (CPS)	226,881		
Summer Institute at ISU	92,839		
Summer Institute at Misericordia	5,076		
CORE Conference at St. Xavier	32,699		
General Meeting Expense	2,362		
Total Summer Institute			1,468,590
General Summer Institute Expenses			
Outside Consultant	\$ 3,200		
Recognition Reception	30,028		
Total Summer Institute Expenses			33,228
Summer Institute Stipend			
SI Stipend	\$ 1,108,350		
Total Summer Institute Stipend			1,108,350
Office Expenses			
Program	\$ 717,658		
Total Office Expenses			717,658

Schedule A (Continued)
Golden Apple Scholars of Illinois Program
Schedule of Revenues and Expenditures
for the Year Ending June 30, 2016

Recruitment & Selection Expenses		
Technology	\$ 37,944	
Recruitment & Placement Activities and Travel	36,751	
Scholars Interview/Selection Process	17,532	
Scholars Nomination Brochures	185	
Total Recruitment & Selection Expenses		\$92,412
Mentoring & Advising		
Scholars Meetings Expenses	\$ 25,827	
GATS: Advisement Program for Teaching Scholars	118,315	
Advisory Consultant	142,298	
Total Mentoring & Advising		286,440
Scholarships Paid		
Scholarship-ISAC	\$ 835,849	
Total Scholarships Paid		835,849
Total Expenditures		<u>\$6,156,021</u>
Expenditures in Excess of Revenues		<u>\$(1,827,476)</u>