

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2019

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BOARD OFFICIALS

Board Chair (8/2/19 – Current)	John Atkinson
Board Chair (7/1/17 – 8/1/19)	Tom Cross
Executive Director (2/1/20 – Present)	Ginger Ostro
Interim Executive Director (1/1/19 – 1/31/20)	Nyle Robinson
Executive Director (11/1/17 – 12/31/18)	Al Bowman
Executive Director (7/1/17 – 10/31/17)	Tom Cross
Deputy Directors:	
Executive Deputy Director ¹ (2/1/20 – Present)	Stephanie Bernoteit
Academic Affairs (11/10/17 – 1/31/20)	Stephanie Bernoteit
Academic Affairs (7/1/17 – 11/9/17)	Dan Cullen
Diversity and Outreach	Arthur Sutton
Fiscal Affairs & Budgeting	Nyle Robinson
Information Management & Research	Eric Lichtenberger
Executive Assistant / Secretary to the Board (10/1/19 – Present)	Vacant
Interim Board Secretary (10/1/19 – Present)	Tracy Rembusch
Executive Assistant / Secretary to the Board (7/1/17 – 9/30/19)	Cindy Deitsch
Public Information Officer ² (7/31/18 – Present)	Melissa Hahn
Associate Director for External Relations (7/1/18 – 7/30/18)	Vacant
Associate Director for External Relations (7/1/17 – 6/30/18)	Candace Mueller
Senior Associate Director	Karen Helland
Legislative Liaison	Jaimee Ray
Chief Budget Officer	Bruce Bennett

¹New position that incorporated the position of Deputy Director of Academic Affairs along with additional duties.

²New position that replaced the position of Associate Director for External Relations.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
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For the Two Years Ended June 30, 2019

GOVERNING BOARD MEMBERS

Board Chair (8/2/19 – Current)	John Atkinson
Board Chair (7/1/17 – 8/1/19)	Tom Cross
Vice Chair (9/10/19 – Current)	Veronica Herrero
Vice Chair (7/1/17 – 3/6/19)	Jane Hays
Public Member (7/1/17 – Current)	Max Coffey
Public Member (8/2/19 – Current)	Derek Douglas
Public Member (8/2/19 – Current)	Andrea Evans
Public Member (8/2/19 – Current)	Jennifer Garrison
Public Member (8/2/19 – Current)	Veronica Gloria
Public Member (7/1/17 – Current)	Alice Marie Jacobs
Public Member (8/2/19 – Current)	Pranav G. Kothari
Public Member (8/2/19 – Current)	Kenneth Shaw
Public Member (7/1/17 – 8/1/19)	Jay Bergman
Public Member (7/1/17 – 8/1/19)	Santos Rivera
Public Member (7/1/17 – 8/1/19)	Darlene Ruscitti
Public Member (7/1/17 – 8/1/19)	Jack Thomas
Public Member (7/1/17 – 8/1/19)	Vacant
Public Member (3/7/19 – 8/1/19)	Vacant
Public Member (7/1/17 – 3/6/19)	Cherilyn Murer
Member Representing Public University Governing Board (8/2/19 – Current)	Veronica Herrero
Member Representing Public University Governing Board (8/11/17 – 8/1/19)	Sherry Eagle
Member Representing Public University Governing Board (7/1/17 – 8/10/17)	Vacant
Member Representing Public University Faculty (8/2/19 – Current)	Jennifer Delaney
Member Representing Public University Faculty (7/1/17 – 8/1/19)	Vacant
Student Member (7/1/20 – Current)	Vacant
Student Member (9/9/19 – 6/30/20)	Marcus Wolfe, Sr.
Student Member (7/1/19 – 9/8/20)	Vacant
Student Member (9/15/18 – 6/30/19)	Emily Buice
Student Member (7/1/18 – 9/14/18)	Vacant
Student Member (9/9/17 - 6/30/18)	Natalie Pieper
Student Member (7/1/17 – 9/8/17)	Vacant

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

GOVERNING BOARD MEMBERS (CONTINUED)

Non-Traditional Student Member (7/1/20 – Current)	Vacant
Non-Traditional Student Member (9/9/19 – 6/30/20)	Aky Gossitt
Non-Traditional Student Member (7/1/19 – 9/8/20)	Vacant
Non-Traditional Student Member (9/15/18 – 6/30/19)	Truong (Jack) Luu
Non-Traditional Student Member (7/1/18 – 9/14/18)	Vacant
Non-Traditional Student Member (9/9/17 – 6/30/18)	David Santafe-Zambrano
Non-Traditional Student Member (7/1/17 – 9/8/17)	Vacant
Ex-Officio Member Representing the Chair of the Illinois Community College Board (4/19/19 – Current)	Teresa Garate
Ex-Officio Member Representing the Chair of the Illinois Community College Board (3/7/19 – 4/18/19)	Vacant
Ex-Officio Member Representing the Chair of the Illinois Community College Board (9/20/17 – 3/6/19)	John Bambenek
Ex-Officio Member Representing the Chair of the Illinois Community College Board (7/1/17 – 9/19/17)	Teresa Garate
Representative for Independent Colleges and Universities (1/30/20 – Current)	Clarence Wyatt
Representative for Independent Colleges and Universities (8/2/19 – 1/29/20)	Vacant
Representative for Independent Colleges and Universities (6/1/18 – 8/1/19)	Meredith Daw
Representative for Independent Colleges and Universities (5/29/18 – 5/30/18)	Vacant
Representative for Independent Colleges and Universities (7/1/17 – 5/28/18)	Christine Wiseman
Ex-Officio Member Representing the Chair of the Illinois Student Assistance Commission (7/1/17 – Current)	Eric Zarnikow

The Board's office is located at:

1 North Old State Capitol Plaza, Suite 333
Springfield, Illinois 62701-1377



ILLINOIS BOARD OF HIGHER EDUCATION
1 NORTH OLD STATE CAPITOL PLAZA, SUITE 333
SPRINGFIELD, ILLINOIS 62701-1377

JB Pritzker
Governor

John Atkinson
Burr Ridge
Chair

Members

Max Coffey
Charleston

Jennifer Delaney
Champaign

Derek Douglas
Chicago

Andrea Evans
Chicago

Jennifer Garrison
Vandalia

Veronica Gloria
Joliet

Veronica Herrero
Chicago

Alice Marie Jacobs
Bismarck

Pranav Kothari
Chicago

Kenneth Shaw
Chicago

Clarence Wyatt
Monmouth

Ex Officio Representatives

Lazaro Lopez
Illinois Community
College Board

Kevin Huber
Illinois Student
Assistance Commission

Executive Director
Ginger Ostro

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MANAGEMENT ASSERTION LETTER

August 10, 2020

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Board of Higher Education (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Board of Higher Education

SIGNED ORIGINAL ON FILE

Ginger Ostro, Executive Director

SIGNED ORIGINAL ON FILE

Nyle Robinson, Deputy Director of Fiscal
Affairs & Budgeting

SIGNED ORIGINAL ON FILE

Bruce Bennett, Chief Budget Officer

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
 STATE COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
Findings	3	3
Repeated Findings	1	2
Prior Recommendations Implemented or Not Repeated	2	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	12	2017	Inadequate Controls over the Recording and Reporting of State Property	Significant Deficiency and Noncompliance
2019-002	14	New	Failure to Enforce Compliance with Grant Agreements	Significant Deficiency and Noncompliance
2019-003	17	New	Board not Staffed as Required	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
 STATE COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2019

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED				
A	19	2017	Inaccurate Financial Reporting for Federal Grants	
B	19	2017	Failure to Review the Implementation of the Student Transfer Achievement Reform Act	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on August 5, 2020.

Attending were:

Board of Higher Education

Ginger Ostro, Executive Director

Nyle Robinson, Deputy Director of Fiscal Affairs and Budgeting

Bruce Bennett, Chief Budget Officer

Office of the Auditor General

Megan Green, Audit Manager

Dennis Gibbons, Audit Supervisor

The responses to the recommendations were provided by Bruce Bennett, Chief Budget Officer, in correspondence dated August 10, 2020.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Board of Higher Education

Compliance

We have examined compliance by the State of Illinois, Board of Higher Education (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

In our opinion, the Board complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-001 through 2019-003.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of

expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2019-001 through 2019-003, that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Board's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Board management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2017, in Schedules 3 through 5 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any

assurance on the accompanying supplementary information in Schedules 1 through 5 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
August 10, 2020

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019

2019-001. **FINDING** (Inadequate Controls over the Recording and Reporting of State Property)

The Board of Higher Education (Board) did not exercise adequate controls over the recording and reporting of State property.

During testing, we noted the following:

- Fourteen of 120 (12%) items tested, totaling \$10,022, were found in locations that did not match the locations listed on the Board's inventory listing.

At the time, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) required the Board to adjust property records within 30 days of acquisition, change, or deletion of equipment items. Effective May 3, 2019, the Code (44 Ill. Admin. Code 5010.400) requires the Board to adjust property records within 90 days of acquisition, change, or deletion of equipment items. Further, the Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires the Board to maintain detailed property information, including the physical locations of its assets.

- Three of 60 (5%) items tested, totaling \$35,424, did not have visible property tags.

The Code (44 Ill. Admin. Code 5010.210(a)) requires the Board to mark each piece of State-owned equipment in its possession to indicate that it is the property of the State.

- Freight and installation charges, totaling \$12, were not added to the value of one equipment item purchased during the examination period.

SAMS (Procedure 03.30.20) states the basic cost of equipment includes all costs necessary to acquire the asset and place it into service, such as freight charges, in-transit insurance, applicable taxes, special foundations or bases, assembly, installation, testing costs, and the net invoice cost.

- One item purchased, totaling \$1,067, was not added to the Board's inventory records or reported on the Board's Agency Report of State Property (Form C-15).

SAMS (Procedure 29.10.30) requires all assets with an individual value of \$1,000 or greater and any items highly susceptible to theft regardless of value to be reported quarterly on the Form C-15.

During the previous examination, Board officials indicated the issues noted were due to staff errors and misunderstandings of certain reporting and recordkeeping requirements.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019

2019-001. **FINDING** (Inadequate Controls over the Recording and Reporting of State Property) – Continued

During the current examination, Board officials indicated the issues noted were due to staff turnover, new hires, reallocation of equipment items, and oversight.

Failure to maintain accurate and complete property records and timely record and report transactions increases the potential for fraud and possible loss or theft of State property, reduces the reliability of Statewide property information, and represents noncompliance with State laws and regulations. (Finding Code No. 2019-001, 2017-001, 2015-001, 2013-001)

RECOMMENDATION

We recommend the Board strengthen its internal controls over the recording and reporting of State property, including:

- updating property records to reflect changes in equipment locations;
- marking property with visible property tags;
- capitalizing freight and installation charges in accordance with SAMS; and,
- timely adding purchased property to inventory records and the Board’s Form C-15.

BOARD RESPONSE

We agree. The Board will work with staff to ensure the strengthening of its property control records.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2019

2019-002. **FINDING** (Failure to Enforce Compliance with Grant Agreements)

The Board of Higher Education (Board) did not enforce compliance with rules and regulations regarding the administration of State grants awarded.

We selected a sample of four of the Board’s grant programs active during Fiscal Year 2018 and Fiscal Year 2019 to test. These four grant programs resulted in 20 grant agreements between the Board and various entities. During our testing, we noted the following conditions:

- For 12 of 20 (60%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grants were signed between 1 and 159 days late.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law. In addition, good business practices dictate that grant agreements should be agreed upon and assigned by all parties prior to the start of the period covered by the grant agreement.

- We noted 2 of 20 (10%) audit reports tested were not submitted timely. The audit reports were submitted 13 and 14 days late.

The grant agreements specified the audit reports should be submitted within 180 days after the grantee’s fiscal year end on or after June 30, or by the specified date in the agreement.

- We noted 6 of 20 (30%) close-out reports tested were not submitted timely. The close-out reports were submitted 14 to 88 days late.

The grant agreements specified the quarterly reports should be submitted within 60 days following the end of the period of performance or termination of the agreement.

- We noted 14 of 80 (18%) quarterly reports tested were not submitted timely. The quarterly reports were submitted 1 to 69 days late.

The grant agreements specified the quarterly reports should be submitted no later than 30 calendar days following the 3-month period covered by the report, specifically the required dates noted in Exhibit B of each agreement.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2019

2019-002. **FINDING** (Failure to Enforce Compliance with Grant Agreements) – Continued

- 57 of 67 (85%) reports tested did not contain the required certification by the grantee.

The grant agreements required the following certification: “By signing this report (or payment request), I certify to the best of my knowledge and belief that the report (or payment request) is true, complete, and accurate, and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal or State award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Section 3729-3730 and 3810-3812).”

- Differences in expenditure reporting between the grantee’s quarterly reports and their close-out audit reports were noted for 3 of 20 (15%) grantee reports tested. As a result, we were unable to determine if the grantees maintained accounting systems or records to provide accurate, current, and complete disclosures of all financial transactions as required by the grant agreement.

In addition, we performed testing on 6 reports due during the examination period that were derived from agreements active during Fiscal Year 2017, and we noted 2 (33%) evaluation reports were submitted 2 and 10 days late. According to the agreements, the evaluation reports should be submitted to the Board within 60 days following the end of the period of performance or termination of the agreement.

Board personnel indicated most of the instances noted were attributed to grantees not providing required information to the Board timely, despite the Board’s efforts to remind grantees and to follow up with grantees until all required information was received.

Failure to ensure grant agreements are signed timely could result in improper use and payment of grant funds. Failure to enforce compliance with its grant agreements could impact the Board’s ability to monitor the grants properly. (Finding Code No. 2019-002)

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2019

2019-002. **FINDING** (Failure to Enforce Compliance with Grant Agreements) – Continued

RECOMMENDATION

We recommend the Board strengthen its internal controls to enforce compliance with rules and regulations regarding the administration of State grants awarded, including:

- ensuring grant agreements are signed by all parties prior to the start of the grant periods;
- working with grantees to ensure required reports are submitted timely;
- ensuring grant reports contain all required certifications; and,
- ensuring discrepancies between grantee quarterly reports and close-out audit reports are resolved.

BOARD RESPONSE

We agree. Staff will work on the timely execution of grant agreements along with continuing to work with grantees on submitting certified reports timely.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2019

2019-003. **FINDING** (Board not Staffed as Required)

The Board of Higher Education (Board) was not staffed in accordance with the requirements set forth in the Board of Higher Education Act (Act).

During testing, we noted the following Board staffing conditions existed as of June 30, 2019:

- One public member of the Board did not serve until a successor had been appointed. The member was appointed to serve until January 31, 2019, but the member stopped attending meetings before the vacancy was filled.

The Act (110 ILCS 205/3(b)) requires the members of the Board to continue to serve after the expiration of their terms until their successors have been appointed.

- Two public members of the Board did not serve until the expiration of their terms or until successors had been appointed. These members were appointed to serve until January 31, 2023, but the positions have been vacant since December 4, 2018.
- One public university representative did not serve until the expiration of their term or until a successor had been appointed. This member was appointed to serve until June 30, 2023, but the position has been vacant since March 5, 2019.
- One private college or university representative did not serve until the expiration of their term or until a successor had been appointed. This member was appointed to serve until January 31, 2023, but the position has been vacant since March 5, 2019.
- One public university faculty member position was vacant during the entire examination period.

The Act (110 ILCS 205/3(c)) requires vacancies on the Board in offices appointed by the Governor to be filled by appointment by the Governor for the unexpired term.

- One public university representative appointed by the Governor was serving a six-year term beginning on February 27, 2017, and ending June 30, 2023.
- One private college or university representative was appointed by the Governor for a five-year term beginning on January 1, 2018, and ending January 31, 2023.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2019

2019-003. **FINDING** (Board not Staffed as Required) – Continued

The Act (110 ILCS 205/3(e)) states the member of the Board representing public university governing boards and the member of the Board representing private college and university boards of trustees shall serve a term of one year beginning on July 1.

- Four student members were not timely appointed to serve on the Board. During Fiscal Year 2018, the student members were not appointed until September 19, 2017, leaving these positions vacant from July 1, 2017, until September 19, 2017, or 80 days. During Fiscal Year 2019, the student members were not appointed until September 15, 2018, leaving these positions vacant from July 1, 2018, until September 15, 2018, or 76 days.

The Act (110 ILCS 205/3(d)) states each student member shall serve a term of one year beginning on July 1 of each year.

Board officials indicated they do not have the authority to reappoint existing members or appoint new members, as the Governor is charged with the duty to appoint all public members of the Board and a student advisory committee is charged with the duty to appoint new student members to the Board. Board officials indicated the student advisory committee was not able to meet and appoint a student representative timely due to competing priorities.

Failure to ensure the Board is staffed as required represents noncompliance with the Act and may hinder the Board's ability to achieve a quorum. (Finding Code No. 2019-003)

RECOMMENDATION

We recommend the Board continue to work with the Governor to ensure members are timely appointed for the correct terms. Further, the Board should work with its student advisory committee to have student representatives ready to serve a full one-year term commencing on July 1.

BOARD RESPONSE

We agree. The Board will work within its ability to ensure timely Board member appointments.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended June 30, 2019

A. **FINDING** (Inaccurate Financial Reporting for Federal Grants)

During the prior examination, the Board of Higher Education (Board) did not accurately report financial information for its federal grants to the Office of the State Comptroller.

During the current examination, we noted the Board did not receive or expend more than \$2.5 million in federal funds during the examination period. Therefore, it was not subjected to detailed testing in the financial reporting of its federal grant information. (Finding Code No. 2017-002, 2015-003)

B. **FINDING** (Failure to Review the Implementation of the Student Transfer Achievement Reform Act)

During the prior examination, the Board of Higher Education (Board) did not review the implementation of the Student Transfer Achievement Reform Act (Act).

During the current examination, our testing indicated the Board complied with subsequent reporting requirements and otherwise complied with the Act. Therefore, this finding is not repeated. (Finding Code No. 2017-003)

Schedule 1

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2019

For the Sixteen Months Ended October 31, 2019

Public Act 100-0586	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
FISCAL YEAR 2019					
<u>APPROPRIATED FUNDS</u>					
GENERAL REVENUE FUND - 001					
P-20 Longitudinal Education Data System Act	\$ 381,800	\$ 343,804	\$ 638	\$ 344,442	\$ 37,358
Operational Expenses	2,424,100	2,349,780	23,539	2,373,319	50,781
MyCredits Transfer Program	183,300	183,300	-	183,300	-
Competitive Grants to Nursing Schools	373,900	336,448	-	336,448	37,452
Nurse Educator Fellowships	197,400	190,000	-	190,000	7,400
S.T.E.M. Diversity Programs (Formerly Chicago Area Health and Medical Careers Program)	1,433,600	1,227,621	205,979	1,433,600	-
Quad Cities Graduate Study Center Grant	73,800	73,800	-	73,800	-
Illinois Mathematics and Science Academy					
Excellence 2000 Program in Mathematics and Science	95,900	95,515	-	95,515	385
Cooperative Work Study Programs	980,500	901,523	-	901,523	78,977
University Center of Lake County Grant	1,055,700	1,055,700	-	1,055,700	-
Diversifying Higher Education Faculty in Illinois Program	1,456,500	1,437,238	9,769	1,447,007	9,493
Grow Your Own Teachers Program	1,466,300	997,724	468,576	1,466,300	-
Total General Revenue Fund	\$ 10,122,800	\$ 9,192,453	\$ 708,501	\$ 9,900,954	\$ 221,846
DISTANCE LEARNING FUND - 082					
Administrative and Enforcement Costs	\$ 100,000	\$ 60,599	\$ 860	\$ 61,459	\$ 38,541
Total Distance Learning Fund	\$ 100,000	\$ 60,599	\$ 860	\$ 61,459	\$ 38,541
ACADEMIC QUALITY ASSURANCE FUND - 660					
Administrative and Enforcement Costs	\$ 500,000	\$ 378,724	\$ 13,081	\$ 391,805	\$ 108,195
Total Academic Quality Assurance Fund	\$ 500,000	\$ 378,724	\$ 13,081	\$ 391,805	\$ 108,195
PRIVATE COLLEGE ACADEMIC QUALITY ASSURANCE FUND - 661					
Administrative and Enforcement Costs	\$ 100,000	\$ 46,548	\$ -	\$ 46,548	\$ 53,452
Total Private College Academic Quality Assurance Fund	\$ 100,000	\$ 46,548	\$ -	\$ 46,548	\$ 53,452
PRIVATE BUSINESS AND VOCATIONAL SCHOOLS QUALITY ASSURANCE FUND - 751					
Administrative and Enforcement Costs	\$ 550,000	\$ 367,469	\$ 21,602	\$ 389,071	\$ 160,929
Total Private Business and Vocational Schools Quality Assurance Fund	\$ 550,000	\$ 367,469	\$ 21,602	\$ 389,071	\$ 160,929

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

For the Sixteen Months Ended October 31, 2019

Public Act 100-0586 FISCAL YEAR 2019	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
<u>BHE DATA AND RESEARCH COST RECOVERY FUND - 766</u>					
Administrative and Enforcement Costs	\$ 30,000	-	-	\$ -	\$ 30,000
Total BHE Data and Research Fund	<u>\$ 30,000</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 30,000</u>
<u>BHE FEDERAL GRANTS FUND - 983</u>					
Federal Contracts and Grants	\$ 5,500,000	-	-	\$ -	\$ 5,500,000
Total BHE Federal Grants Fund	<u>\$ 5,500,000</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 5,500,000</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 16,902,800</u>	<u>\$ 10,045,793</u>	<u>\$ 744,044</u>	<u>\$ 10,789,837</u>	<u>\$ 6,112,963</u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>BHE STATE PROJECTS FUND - 736</u>					
Leadership Training University		\$ 9,000	-	\$ 9,000	
Illinois Network of Child Care Resource and Referral Agencies Grant		7,827	-	7,827	
Illinois Network of Child Care Resource and Referral Agencies Travel		1,583	915	2,498	
Illinois Longitudinal Data System		7,397	-	7,397	
Total BHE State Projects Fund		<u>\$ 25,807</u>	<u>\$ 915</u>	<u>\$ 26,722</u>	
TOTAL NON-APPROPRIATED FUNDS		<u>\$ 25,807</u>	<u>\$ 915</u>	<u>\$ 26,722</u>	
GRAND TOTAL ALL FUNDS	<u>\$ 10,071,600</u>	<u>\$ 744,959</u>		<u>\$ 10,816,559</u>	

Note 1: Appropriations, expenditures, and lapsed balances in this schedule were prepared by the Board and have been reconciled to the State Comptroller's records as of October 31, 2019.
Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net Of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
Public Act 100-0021					
FISCAL YEAR 2018					
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Personal Services	\$ 1,865,300	\$ 1,822,092	-	\$ 1,822,092	\$ 43,208
State Contributions to Social Security	27,100	25,381	-	25,381	1,719
Contractual Services	408,900	333,484	14,682	348,166	60,734
Travel	29,000	20,517	2,505	23,022	5,978
Commodities	4,800	2,089	42	2,131	2,669
Printing	2,500	1,976	-	1,976	524
Equipment	9,300	8,652	281	8,933	367
Telecommunications	35,800	30,253	3,132	33,385	2,415
Operation of Automotive Equipment	3,500	573	203	776	2,724
P-20 Longitudinal Education Data System Act	366,800	356,969	3,533	360,502	6,298
MyCredits Transfer Program	183,300	183,300	-	183,300	-
Competitive Grants to Nursing Schools	373,900	373,900	-	373,900	-
Nurse Educator Fellowships	197,400	180,000	-	180,000	17,400
Chicago Area Health and Medical Careers Program	1,433,600	716,800	689,249	1,406,049	27,551
Quad Cities Graduate Study Center Grant	73,800	73,800	-	73,800	-
Illinois Mathematics and Science Academy					
Excellence 2000 Program in Mathematics and Science	95,900	76,695	-	76,695	19,205
Cooperative Work Study Programs	980,500	875,481	53,491	928,972	51,528
University Center of Lake County Grant	1,055,700	1,055,700	-	1,055,700	-
Diversifying Higher Education Faculty in Illinois Program	1,456,500	1,410,151	20,093	1,430,244	26,256
Grow Your Own Teachers Program	1,466,300	1,393,851	72,250	1,466,101	199
Total General Revenue Fund	\$ 10,069,900	\$ 8,941,664	\$ 859,461	\$ 9,801,125	\$ 268,775
DISTANCE LEARNING FUND - 082					
Administrative and Enforcement Costs	\$ 30,000	\$ 16,341	-	\$ 16,341	\$ 13,659
Total Distance Learning Fund	\$ 30,000	\$ 16,341	-	\$ 16,341	\$ 13,659
ACADEMIC QUALITY ASSURANCE FUND - 660					
Administrative and Enforcement Costs	\$ 500,000	\$ 297,802	\$ 14,792	\$ 312,594	\$ 187,406
Total Academic Quality Assurance Fund	\$ 500,000	\$ 297,802	\$ 14,792	\$ 312,594	\$ 187,406
PRIVATE COLLEGE ACADEMIC QUALITY ASSURANCE FUND - 661					
Administrative and Enforcement Costs	\$ 100,000	\$ 71,492	\$ 11,766	\$ 83,258	\$ 16,742
Total Private College Academic Quality Assurance Fund	\$ 100,000	\$ 71,492	\$ 11,766	\$ 83,258	\$ 16,742

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net Of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
Public Act 100-0021					
FISCAL YEAR 2018					
<u>PRIVATE BUSINESS AND VOCATIONAL SCHOOLS QUALITY ASSURANCE FUND - 751</u>					
Administrative and Enforcement Costs	\$ 550,000	\$ 286,193	\$ 24,263	\$ 310,456	\$ 239,544
Total Private Business and Vocational Schools Quality Assurance Fund	<u>\$ 550,000</u>	<u>\$ 286,193</u>	<u>\$ 24,263</u>	<u>\$ 310,456</u>	<u>\$ 239,544</u>
<u>BHE FEDERAL GRANTS FUND - 983</u>					
Federal Contracts and Grants	\$ 5,500,000	\$ 1,789,123	\$ 742,672	\$ 2,531,795	\$ 2,968,205
Total BHE Federal Grants Fund	<u>\$ 5,500,000</u>	<u>\$ 1,789,123</u>	<u>\$ 742,672</u>	<u>\$ 2,531,795</u>	<u>\$ 2,968,205</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 16,749,900</u>	<u>\$ 11,402,615</u>	<u>\$ 1,652,954</u>	<u>\$ 13,055,569</u>	<u>\$ 3,694,331</u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>BHE STATE PROJECTS FUND - 736</u>					
Leadership Training University	\$ 4,000	-	-	\$ 4,000	
College Board Travel	437	-	-	437	
Early Childhood Education Preparation	48,798	-	-	48,798	
Complete College America Travel	238	-	-	238	
Midwestern Higher Education Compact Grant	28,393	-	-	28,393	
STRADA Network	4,478	3,694	-	8,172	
Illinois Network of Child Care Resource and Referral Agencies Grant	15,938	-	-	15,938	
Illinois Network of Child Care Resource and Referral Agencies Travel	3,106	321	-	3,427	
Illinois Longitudinal Data System	80,785	-	-	80,785	
Capital Development Grants	635,528	-	-	635,528	
Total BHE State Projects Fund	<u>\$ 821,701</u>	<u>\$ 4,015</u>	<u>\$ 4,015</u>	<u>\$ 825,716</u>	
TOTAL NON-APPROPRIATED FUNDS	<u>\$ 821,701</u>	<u>\$ 4,015</u>	<u>\$ 4,015</u>	<u>\$ 825,716</u>	
GRAND TOTAL ALL FUNDS	<u>\$ 12,224,316</u>	<u>\$ 1,656,969</u>	<u>\$ 1,656,969</u>	<u>\$ 13,881,285</u>	

Note 1: Appropriations, expenditures, and lapsed balances in this schedule were prepared by the Board and have been reconciled to the State Comptroller's records as of October 31, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything in Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board which were submitted against its Fiscal Year 2018 appropriations.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures
<u>APPROPRIATED FUNDS</u>			
GENERAL REVENUE FUND - 001			
Appropriations (Net of Transfers)	\$ 10,122,800	\$ 10,069,900	
<u>Expenditures</u>			
Personal Services	\$ -	\$ 1,822,092	\$ 1,956,813
State Contributions to Social Security	-	25,381	27,099
Contractual Services	-	348,166	-
Travel	-	23,022	-
Commodities	-	2,131	-
Printing	-	1,976	-
Equipment	-	8,933	-
Telecommunications	-	33,385	-
Operation of Automotive Equipment	-	776	-
Quad Cities Graduate Study Center Grant	73,800	73,800	26,655
S.T.E.M. Diversity Programs (Formerly Chicago Area Health and Medical Careers Program)	1,433,600	1,406,049	-
University Center of Lake County Grant	1,055,700	1,055,700	586,500
Cooperative Work Study Programs	901,523	928,972	-
P-20 Longitudinal Education Data System Act	344,442	360,502	135,561
Grow Your Own Teachers Program	1,466,300	1,466,101	-
Grants to Support Essential Operations at Public Community Colleges and Public Universities	-	-	20,000,000
Operational Expenses	2,373,319	-	10,436
MyCredits Transfer Program	183,300	183,300	203,700
Competitive Grants to Nursing Schools	336,448	373,900	-
Nurse Educator Fellowships	190,000	180,000	-
Illinois Mathematics and Science Academy Excellence 2000 Program in Mathematics and Science	95,515	76,695	-
Diversifying Higher Education Faculty in Illinois Program	1,447,007	1,430,244	-
Total Expenditures	<u>\$ 9,900,954</u>	<u>\$ 9,801,125</u>	<u>\$ 22,946,764</u>
Lapsed Balances	<u>\$ 221,846</u>	<u>\$ 268,775</u>	

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures
EDUCATION ASSISTANCE FUND - 007			
Appropriations	\$ -	\$ -	\$ 5,174,300
<u>Expenditures</u>			
Operating Expenses and Grants	\$ -	\$ -	\$ 1,110,273
University Center of Lake County Grant	-	-	586,500
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,696,773</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,477,527</u>
DISTANCE LEARNING FUND - 082			
Appropriations	\$ 100,000	\$ 30,000	\$ 30,000
<u>Expenditures</u>			
Administrative and Enforcement Costs	<u>\$ 61,459</u>	<u>\$ 16,341</u>	<u>\$ 1,750</u>
Total Expenditures	<u>\$ 61,459</u>	<u>\$ 16,341</u>	<u>\$ 1,750</u>
Lapsed Balances	<u>\$ 38,541</u>	<u>\$ 13,659</u>	<u>\$ 28,250</u>
ACADEMIC QUALITY ASSURANCE FUND - 660			
Appropriations	\$ 500,000	\$ 500,000	\$ 400,000
<u>Expenditures</u>			
Administrative and Enforcement Costs	<u>\$ 391,805</u>	<u>\$ 312,594</u>	<u>\$ 327,163</u>
Total Expenditures	<u>\$ 391,805</u>	<u>\$ 312,594</u>	<u>\$ 327,163</u>
Lapsed Balances	<u>\$ 108,195</u>	<u>\$ 187,406</u>	<u>\$ 72,837</u>

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures
PRIVATE COLLEGE ACADEMIC QUALITY ASSURANCE FUND - 661			
Appropriations	\$ 100,000	\$ 100,000	\$ 80,000
<u>Expenditures</u>			
Administrative and Enforcement Costs	\$ 46,548	\$ 83,258	\$ 47,602
Total Expenditures	<u>\$ 46,548</u>	<u>\$ 83,258</u>	<u>\$ 47,602</u>
Lapsed Balances	<u>\$ 53,452</u>	<u>\$ 16,742</u>	<u>\$ 32,398</u>
BUDGET STABILIZATION FUND - 686			
Appropriations	\$ -	\$ -	\$ 500,000
<u>Expenditures</u>			
Ordinary and Contingent Expenses	\$ -	\$ -	\$ 498,031
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,031</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,969</u>
PRIVATE BUSINESS AND VOCATIONAL SCHOOLS QUALITY ASSURANCE FUND - 751			
Appropriations	\$ 550,000	\$ 550,000	\$ 550,000
<u>Expenditures</u>			
Administrative and Enforcement Costs	\$ 389,071	\$ 310,456	\$ 261,303
Total Expenditures	<u>\$ 389,071</u>	<u>\$ 310,456</u>	<u>\$ 261,303</u>
Lapsed Balances	<u>\$ 160,929</u>	<u>\$ 239,544</u>	<u>\$ 288,697</u>

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures
BHE DATA AND RESEARCH COST RECOVERY FUND - 766			
Appropriations	\$ 30,000	\$ -	\$ -
<u>Expenditures</u>			
Administrative and Enforcement Costs	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>
BHE FEDERAL GRANTS FUND - 983			
Appropriations	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
<u>Expenditures</u>			
Federal Contracts and Grants	\$ -	\$ 2,531,795	\$ 2,764,879
Total Expenditures	<u>\$ -</u>	<u>\$ 2,531,795</u>	<u>\$ 2,764,879</u>
Lapsed Balances	<u>\$ 5,500,000</u>	<u>\$ 2,968,205</u>	<u>\$ 2,735,121</u>
GRAND TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net of Transfers)	<u>\$ 16,902,800</u>	<u>\$ 16,749,900</u>	<u>\$ 12,234,300</u>
Total Expenditures	<u>\$ 10,789,837</u>	<u>\$ 13,055,569</u>	<u>\$ 28,544,265</u>
Lapsed Balances	<u>\$ 6,112,963</u>	<u>\$ 3,694,331</u>	<u>\$ (16,309,965)</u>

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524, P.A. 100-0021, and Court-Ordered Expenditures
<u>NON-APPROPRIATED FUNDS</u>			
BHE STATE PROJECTS FUND - 736			
<u>Expenditures</u>			
Early Childhood Education Preparation	\$ -	\$ 48,798	\$ 197,348
Capital Development Grants	-	635,528	1,082,307
Advance Illinois Program	-	-	1,502
Board Trustees Members' Training	-	-	4,500
Midwest Higher Education Compact Grant	-	28,393	652
United States Aid Fund Program	-	-	91,828
Illinois Network of Child Care Resource and Referral Agencies Grant	7,827	15,938	16,115
Council for Higher Education Accreditation Travel Reimbursement	-	-	353
RTI International Travel Reimbursement	-	-	1,284
Illinois Education Research Council Travel Reimbursement	-	-	87
State Higher Education Executive Organization Travel Reimbursement	-	-	444
Synergy Travel Reimbursement	-	-	471
Leadership Training University	9,000	4,000	-
College Board Travel	-	437	-
Complete College America Travel	-	238	-
STRADA Network	-	8,172	-
Illinois Network of Child Care Resource and Referral Agencies Travel	2,498	3,427	-
Illinois Longitudinal Data System	7,397	80,785	-
Total Expenditures	<u>\$ 26,722</u>	<u>\$ 825,716</u>	<u>\$ 1,396,891</u>
Total - All Non-Appropriated Funds	<u>\$ 26,722</u>	<u>\$ 825,716</u>	<u>\$ 1,396,891</u>
GRAND TOTAL EXPENDITURES - ALL FUNDS	<u><u>\$ 10,816,559</u></u>	<u><u>\$ 13,881,285</u></u>	<u><u>\$ 29,941,156</u></u>

Note 1: Appropriations, expenditures, and lapsed balances in this schedule were prepared by the Board and have been reconciled to the State Comptroller's records as of October 31, 2019, and October 31, 2018.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything in Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board which were submitted against its Fiscal Year 2018 appropriations.

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2019

	<u>Equipment</u>
Balance at July 1, 2017	\$ 346,252
Additions	63,159
Deletions	(3,454)
Net Transfers	<u>(172)</u>
Balance at June 30, 2018	<u>\$ 405,785</u>
Balance at July 1, 2018	\$ 405,785
Additions	14,579
Deletions	(1,001)
Net Transfers	<u>(8,465)</u>
Balance at June 30, 2019	<u>\$ 410,898</u>

Note: Amounts in this schedule were prepared by the Board and have been reconciled to property reports submitted to the State Comptroller.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION
OF Cash Receipts TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

<u>General Revenue Fund - 001</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Miscellaneous Receipts	\$ 313	\$ -	\$ -
Prior Year Refunds	237,273	6,345	149,859
Total Cash Receipts per Board	<u>237,586</u>	<u>6,345</u>	<u>149,859</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total Cash Receipts per Comptroller	<u>\$ 237,586</u>	<u>\$ 6,345</u>	<u>\$ 149,859</u>
<u>Education Assistance Fund - 007</u>			
Prior Year Refund	\$ -	\$ 850	\$ -
Total Cash Receipts per Board	<u>-</u>	<u>850</u>	<u>-</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total Cash Receipts per Comptroller	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ -</u>
<u>Distance Learning Fund - 082</u>			
Operating Authority Fees	\$ 122,250	\$ 105,000	\$ 98,000
Total Cash Receipts per Board	<u>122,250</u>	<u>105,000</u>	<u>98,000</u>
Less - In transit at End of Year	4,000	1,750	1,750
Plus - In transit at Beginning of Year	1,750	1,750	-
Total Cash Receipts per Comptroller	<u>\$ 120,000</u>	<u>\$ 105,000</u>	<u>\$ 96,250</u>
<u>Academic Quality Assurance Fund - 660</u>			
Degree Granting Fees	\$ 249,275	\$ 717,900	\$ 384,800
Total Cash Receipts per Board	<u>249,275</u>	<u>717,900</u>	<u>384,800</u>
Less - In transit at End of Year	18,000	2,500	-
Plus - In transit at Beginning of Year	2,500	-	7,700
Total Cash Receipts per Comptroller	<u>\$ 233,775</u>	<u>\$ 715,400</u>	<u>\$ 392,500</u>
<u>Private College Academic Quality Assurance Fund - 661</u>			
Operating Authority Fees	\$ 83,500	\$ 108,500	\$ 100,250
Total Cash Receipts per Board	<u>83,500</u>	<u>108,500</u>	<u>100,250</u>
Less - In transit at End of Year	500	-	-
Plus - In transit at Beginning of Year	-	-	-
Total Cash Receipts per Comptroller	<u>\$ 83,000</u>	<u>\$ 108,500</u>	<u>\$ 100,250</u>

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION
OF Cash Receipts TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>BHE State Projects Fund - 736</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Illinois State Board of Education Project Receipts	\$ 42,000	\$ 136,000	\$ 58,500
Not-for-Profit Joyce Foundation Receipts	-	238	-
Midwestern Higher Education Compact Military Credit	-	368	10,357
Illinois Community College Board	-	437	-
Illinois Network Child Care Resource and Referral Agencies	4,000	4,156	15,074
Council for Higher Education Accreditation Travel Reimbursements	-	-	353
Response to Intervention Travel Reimbursements	-	-	1,284
Illinois Education Research Council Travel Reimbursements	-	-	86
Synergy Committee Travel Reimbursements	-	444	556
Prior Year Refunds	-	167,198	7,350
Total Cash Receipts per Board	<u>46,000</u>	<u>308,841</u>	<u>93,560</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total Cash Receipts per Comptroller	<u>\$ 46,000</u>	<u>\$ 308,841</u>	<u>\$ 93,560</u>
<u>Private Business and Vocational Schools Quality Assurance Fund - 751</u>			
Private Business and Vocational Schools Fees	<u>\$ 356,242</u>	<u>\$ 313,250</u>	<u>\$ 325,800</u>
Total Cash Receipts per Board	356,242	313,250	325,800
Less - In transit at End of Year	66,550	49,660	44,220
Plus - In transit at Beginning of Year	49,660	44,220	56,720
Total Cash Receipts per Comptroller	<u>\$ 339,352</u>	<u>\$ 307,810</u>	<u>\$ 338,300</u>
<u>BHE Federal Grants Fund - 983</u>			
Receipts from Federal Government	\$ 742,672	\$ 2,129,997	\$ 3,004,330
Prior Year Refunds	-	-	-
Total Cash Receipts per Board	<u>742,672</u>	<u>2,129,997</u>	<u>3,004,330</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total Cash Receipts per Comptroller	<u>\$ 742,672</u>	<u>\$ 2,129,997</u>	<u>\$ 3,004,330</u>
TOTAL RECEIPTS - ALL FUNDS PER BOARD	1,837,525	3,690,683	4,156,599
Less - In transit at End of Year	89,050	53,910	45,970
Plus - In transit at Beginning of Year	53,910	45,970	64,420
TOTAL CASH RECEIPTS PER COMPTROLLER	<u>\$ 1,802,385</u>	<u>\$ 3,682,743</u>	<u>\$ 4,175,049</u>

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
BOARD FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

The Board of Higher Education (Board) was established in 1961 to plan and coordinate the State's system of colleges and universities. The goal was to create an agency with the expertise, credibility, and Statewide perspective to map an efficient and orderly course for the growth of higher education.

The Board of Higher Education Act (110 ILCS 205/2) requires the Board to consist of 16 members as follows:

- Ten appointed by the Governor, with the advice and consent of the Senate;
- One appointed by the Governor to represent public universities;
- One appointed by the Governor to represent private colleges;
- The chair of the Illinois Student Assistance Commission;
- The chair of the Illinois Community College Board; and,
- Two student members selected by the Board's Student Advisory Committee, one of whom must be a nontraditional undergraduate student.

The Board's statutory responsibilities include:

- Analyzing the aims, needs, and requirements of higher education and, as a result, modifying the policies that guide the development of the State's system of public and private colleges and universities;
- Recommending to the Governor and General Assembly budgetary needs for higher education institutions and agencies;
- Approving or denying proposals by public university governing boards and the Illinois Community College Board for new units of instruction, research, or public service, and reviewing existing instruction, research, and public service programs to determine their continued educational and economic justification;
- Authorizing independent and out-of-state institutions to operate and offer degree programs within the State, conducting ongoing reviews to assure these institutions maintain the conditions under which they were authorized to operate and grant degrees, and revoking operating authority as deemed necessary;
- Authorizing private business and vocational schools to offer programs and/or courses in the State which prepare individuals for a trade, occupation, vocation, profession; or improves, enhances or adds to skills and abilities related to occupational/career opportunities;
- Administering State and federal grant programs which provide financial assistance to public and non-public institutions of higher education;
- Maintaining a State university and college information system of timely, comprehensive, and meaningful data about higher education, with the data collected and maintained by the Board falling into three broad categories: demographic information about enrolled students and degree recipients, faculty and staff information, and characteristics of individual colleges and universities;

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
BOARD FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

- Approving operating authority and degree-granting authority for independent and out-of-state institutions operating within the State. During the period, the Board approved 242 degree programs for private institutions and granted operating authority to 23 private institutions; and,
- Reviewing and approving programs for public colleges and universities. During the examination period, the Board approved 39 degree programs, 4 administrative units (centers and colleges) for public universities, and 27 degree programs for community colleges.

Policy and Planning

The Board's policy and planning responsibility is one of its key functions, which it carries out in a variety of means, including ad hoc study committees and special task forces, responses to legislative mandates, and initiatives of the Board's staff.

Through its master planning responsibility, the Board approved the *Illinois Public Agenda for College and Career Success (Public Agenda)* in December 2008 as the blueprint for higher education over the next decade. The *Public Agenda* focuses on four goals:

- Increasing educational attainment to match the best performing states;
- Ensuring college affordability for students, families, and taxpayers;
- Increasing the number of high-quality postsecondary credentials to meet the demands of the economy and an increasingly global society; and,
- Better integrating the State's educational, research, and innovation assets to meet the economic needs of the State and its regions.

GRANTS AWARDED

State and federal grant programs administered by the Board play an important role in the implementation of Board goals and priorities. During Fiscal Year 2018 and Fiscal Year 2019, the Board entered into grant agreements with specific institutions of higher education for the grants listed below. The Independent Colleges Capital Program (ICCAP) grants are funded through money received from the Capital Development Board (CDB) which the Board passes onto independent colleges and universities.

Independent Colleges Capital Program

The Board administers grants under the Private Colleges and Universities Capital Distribution Formula Act (30 ILCS 769/25-1 *et seq.*). The Independent Colleges Capital Program (ICCAP) was created as part of the Illinois Jobs Now! capital program. ICCAP provides private not-for-profit colleges and universities within the State with financial assistance for capital projects. This multi-year grant program uses a distribution formula based entirely on the fall 2008 student enrollment numbers. The formula provides a base grant and a full-time equivalent grant for each eligible institution. Institutions must certify the eligibility of the institution, the determination of

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
BOARD FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

credit hours using the methodology provided, and the use of funds only for eligible capital projects. Grant funds will be distributed as the proceeds of Build Illinois bond sales become available to the Board.

General Grant Programs

The Board receives various appropriations or other funds for which there is no specific authorizing statute and only a general purpose or designated recipient is included in the appropriation language. These grants are paid to the specified institutions after a grant agreement has been executed between the Board and grantee institution.

Federal Grant Programs

The Board also expends federal awards received directly from federal agencies and federal awards passed through other State agencies. Presented below are the federal award programs administered by the Board:

- The Improving Teacher Quality State Grants (also known as No Child Left Behind (NCLB)) (CFDA No. 84.367) program provides grants to state educational agencies, local education agencies, state agencies for higher education, and to eligible partnerships in order to increase student academic achievement through such strategies as increasing the number of highly qualified teachers in the classroom. This funding ended in Fiscal Year 2018.
- The Longitudinal Data System Grant (CFDA No. 84.372) program is funded under the American Recovery and Reinvestment Act (ARRA) from the Illinois State Board of Education (ISBE). This program (1) establishes a Statewide transcript system for middle and high school students; (2) integrates student-level data with teacher and administrator data; (3) continues expansion and development of postsecondary education data systems; and, (4) expands early childhood data collection systems.
- The Race to the Top and Early Learning Challenge (CFDA 84.412) program, which was implemented in Fiscal Year 2014 and Fiscal Year 2015, granted federal funds to the Board from ISBE to implement the Early Childhood Race to the Top Innovation Grant program. This program provides institutions of higher education with grant funding to redesign their early childhood teacher preparation programs. This funding ended in Fiscal Year 2018.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2019 AND 2018

General Revenue Fund – 001

Personal Services, State Contributions to Social Security, Contractual Services, Travel, Equipment, and Telecommunications

The decrease in expenditures was due to the Board receiving individual line item appropriations for operational expenses in Fiscal Year 2018. In Fiscal Year 2019, operational expenses were appropriated as a lump sum.

Operational Expenses

The increase in expenditures was due to the Board receiving a lump sum appropriation for operational expenses in Fiscal Year 2019. In Fiscal Year 2018, the Board received individual line item appropriations for operational expenses.

Illinois Mathematics and Science Academy (Academy) Excellence 2000 Program in Mathematics and Science

The increase in expenditures was due to the Academy being able to request and expend the entire grant amount in Fiscal Year 2019. In Fiscal Year 2018, the Academy was unable to request and expend the entire grant amount.

Distance Learning Fund – 082

Administrative and Enforcement Costs

The increase in expenditures was primarily due to the cost sharing of staff salaries. This fluctuates based on employees being hired, leaving the Board, or moving their salaries to be paid from the appropriate fund based on their job assignment.

Academic Quality Assurance Fund – 660

Administrative and Enforcement Costs

The increase in expenditures was primarily due to the cost sharing of staff salaries. This fluctuates based on employees being hired, leaving the Board, or moving their salaries to be paid from the appropriate based on their job assignment.

Private College Academic Quality Assurance Fund – 661

Administrative and Enforcement Costs

The decrease in expenditures was due to a decrease in legal services. Expenditures in the Private College Academic Quality Assurance Fund fluctuate from year to year, depending on operational expenses attributable to the enforcement of the Academic Degree Act and Private College Act.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2019 AND 2018 (continued)

BHE State Projects Fund – 736

Midwestern Higher Education Compact Grant

The decrease in expenditures was due to Board not receiving funding for this program for Fiscal Year 2019.

Early Childhood Education Preparation

The decrease in expenditures was due to Board not receiving funding for this program for Fiscal Year 2019.

Illinois Network of Child Care Resource and Referral Agencies Grant

The decrease in expenditures was due to a reduction in grant related activities.

Leadership Training University

The increase in expenditures was due to increased expenses to provide training to university trustees in Fiscal Year 2019. Some of the expenses included the contracting of presenters and facility charges.

STRADA Network

The decrease in expenditures was due to Board not receiving funding for this program for Fiscal Year 2019.

Illinois Longitudinal Data System

The decrease in expenditures was due to reductions in grant-related Illinois Longitudinal Data System project activities during Fiscal Year 2019.

Capital Development Grants

The decrease in expenditures was due to the program not having any grant or expenditure activity during Fiscal Year 2019.

Private Business and Vocational Schools Quality Assurance Fund – 751

Administrative and Enforcement Costs

The increase in expenditures was due to an increase in legal services. Expenditures in the Private Business and Vocational Schools Quality Assurance Fund fluctuate from year to year, depending on operational expenses attributable to the enforcement of the Private Business and Vocational Schools Act.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2019 AND 2018 (continued)

BHE Federal Grants Fund – 983

Federal Contracts and Grants

The decrease in expenditures was due to the Board's federal grant ending in Fiscal Year 2018.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund – 001

Contractual Services, Travel, Equipment, and Telecommunications

The increases in these line items were due to differences in the way the Board was appropriated funds in Fiscal Year 2017 as compared to Fiscal Year 2018. In Fiscal Year 2017, the Board received appropriations for operational expenses primarily out of the Education Assistance Fund. In Fiscal Year 2018, the Board received operational expenditure appropriations out of the General Revenue Fund.

Quad Cities Graduate Study Center Grant

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for this grant until the passage of Public Act 100-0021 on July 6, 2017. For Fiscal Year 2018, the Board had a full year of spending authority for this grant.

University Center of Lake County Grant

The increase in expenditures was due to differences in the way the Board was appropriated funds in Fiscal Year 2017 as compared to Fiscal Year 2018. The Board received appropriations for this grant from both the General Revenue Fund and the Education Assistance Fund in Fiscal Year 2017, and from the General Revenue Fund only in Fiscal Year 2018.

Cooperative Work Study Programs

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for Cooperative Work Study Programs until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for these programs. For Fiscal Year 2018, the Board had a full year of spending authority for this grant, and therefore was able to process expenditures for these programs.

S.T.E.M. Diversity Programs (Formerly Chicago Area Health and Medical Careers Program)

The increase in expenditures was due to the budget impasse. The Board did not receive any appropriations for these programs during Fiscal Year 2017. These programs were funded during Fiscal Year 2018.

P-20 Longitudinal Education Data System

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for this program until the passage of Public Act 100-0021 on July 6, 2017. For Fiscal Year 2018, the Board had a full year of spending authority for this program.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017 (continued)

General Revenue Fund – 001 (continued)

Grow Your Own Teachers Program

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for the Grow Your Own Teachers Program until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for this program. This appropriation was from the Education Assistance Fund. For Fiscal Year 2018, the Board had a full year of spending authority, and therefore was able to process expenditures for this program.

Grants to Support Essential Operations at Public Community Colleges and Public Universities

The decrease in expenditures was due to Board not receiving an appropriation for these grants during Fiscal Year 2018.

Operational Expenses

The decrease in expenditures was due to appropriations for operational expenses being appropriated for individual appropriation line items rather than a lump sum during Fiscal Year 2018.

Competitive Grants to Nursing Schools

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for Competitive Grants to Nursing Schools until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for these grants. For Fiscal Year 2018, the Board had a full year of spending authority, and therefore was able to process expenditures for these grants.

Nurse Educator Fellowships

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for Nurse Educator Fellowships until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for these fellowships. For Fiscal Year 2018, the Board had a full year of spending authority, and therefore was able to process expenditures for these fellowships.

Illinois Mathematics and Science Academy Excellence 2000 Program in Mathematics and Science

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for this program until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for this program. For Fiscal Year 2018, the Board had a full year of spending authority, and therefore was able to process expenditures for this program.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017 (continued)

General Revenue Fund – 001 (continued)

Diversifying Higher Education Faculty in Illinois Program

The increase in expenditures was attributable to the budget impasse. For Fiscal Year 2017, the Board did not receive an appropriation for the Diversifying Higher Education Faculty in Illinois Program until the passage of Public Act 100-0021 on July 6, 2017, and did not incur any expenditures for this program. This appropriation was from the Education Assistance Fund. For Fiscal Year 2018, the Board had a full year of spending authority, and therefore was able to process expenditures for this program.

Education Assistance Fund – 007

Operational Expenses and Grants

The decrease in operational expenses and grants was due to differences in the way the Board was appropriated funds in Fiscal Year 2017 as compared to Fiscal Year 2018. In Fiscal Year 2017, the Board received appropriations for operational expenses primarily out of the Education Assistance Fund. In Fiscal Year 2018, the Board received operational expenditure appropriations out of the General Revenue Fund.

University Center of Lake County Grant

The decrease in expenditures was due to differences in the way the Board was appropriated funds in Fiscal Year 2017 as compared to Fiscal Year 2018. The Board received appropriations for this grant from both the General Revenue Fund and the Education Assistance Fund in Fiscal Year 2017, and from the General Revenue Fund only in Fiscal Year 2018.

Distance Learning Fund – 082

Administrative and Enforcement Costs

The increase in expenditures was due to the cost sharing of staff salaries. This fluctuates based on employees being hired, leaving the Board, or moving their salaries to be paid from the appropriate fund based on their job assignment.

Private College Academic Quality Assurance Fund – 661

Administrative and Enforcement Costs

The increase in expenditures is primarily due to an increase in legal services. Expenditures from the Private College Academic Quality Assurance Fund fluctuate from year to year, depending on operational expenses attributable to the enforcement of the Academic Degree Act and Private College Act.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017 (continued)

Budget Stabilization Fund – 686

Ordinary and Contingent Expenses

The decrease in expenditures was due to the Board not receiving an appropriation from the Budget Stabilization Fund during Fiscal Year 2018.

BHE State Projects Fund – 736

Midwestern Higher Education Compact Grant

The increase in expenditures was due to an increase in the number of grants awarded during Fiscal Year 2018.

Early Childhood Education Preparation

The decrease in expenditures was due to the grant agreement expiring in Fiscal Year 2018. Therefore, only a partial year of expenditures was incurred during Fiscal Year 2018. For Fiscal Year 2017, the grant was active the entire year.

United States Aid Funds Program

The decrease in expenditures was due to the Board not receiving funding for this program in Fiscal Year 2018.

STRADA Network

The increase in expenditures was due to this program being a new program for Fiscal Year 2018. No funding was received for this program during Fiscal Year 2017.

Illinois Longitudinal Data System

The increase in expenditures was due to the Board receiving grant funding from the Illinois State Board of Education during Fiscal Year 2018. No such grant funding was received in Fiscal Year 2017.

Capital Development Grants

The decrease in expenditures was due to less grantee activity during Fiscal Year 2018. No new grantees have been added to this program since Fiscal Year 2010. All expenditure activity during Fiscal Year 2018 was for grantees requesting their remaining grant funds.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2019 AND 2018

General Revenue Fund (001)

Prior Year Refunds

Prior year refunds increased by \$230,928 (5,801%) due to an increase in grant programs administered. Refunds received are generally due to the return of unspent grant funds to the grantee. In Fiscal Year 2018, the Board administered the Illinois Cooperative Work Study Program (ILCWSP) and Grow Your Own (GYO). Due to these programs not being administered in Fiscal Year 2017, there was only one ILCWSP prior year refund in Fiscal Year 2018 compared to 11 ILCWSP and two GYO prior year refunds in Fiscal Year 2019.

Academic Quality Assurance Fund (660)

Degree Granting Fees

Fees collected decreased by \$468,625 (65%) due to a change in ownership for a large institution which resulted in a large fee deposited in Fiscal Year 2018. No such change in ownership occurred in Fiscal Year 2019.

Private College Academic Quality Assurance Fund (661)

Operating Authority Fees

Fees collected decreased by \$25,000 (23%) due to fewer institutions applying for operating authority in Fiscal Year 2019 compared to Fiscal Year 2018. The number of applications received and the related fees collected are expected to vary from year to year.

BHE State Projects Fund (736)

Illinois State Board of Education (ISBE) Project Receipts

ISBE Project Receipts decreased by \$94,000 (69%) primarily due to fewer grant payments in Fiscal Year 2019 for ISBE's Illinois Longitudinal Data System Project and Early Childhood grants. These amounts will fluctuate every year based on grant agreements with various entities.

Prior Year Refunds

Prior year refund decreased by \$167,198 (100%) due to no refunds of prior grant payments being received in Fiscal Year 2019.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL
YEARS 2019 AND 2018 (continued)**

BHE Federal Grants Fund (983)

Receipts from Federal Government

Department of Education receipts decreased by \$1,387,325 (65%) due to certain federal grants ending in Fiscal Year 2018. The Fiscal Year 2019 amount represents a late payment received for the Fiscal Year 2018 grant.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund (001)

Prior Year Refunds

Prior year refunds decreased by \$143,514 (96%) due to a decrease in grant programs administered. Refunds received are generally due to the return of unspent grant funds to the grantee. In Fiscal Year 2017, the Board did not administer the Illinois Cooperative Work Study Program (ILCWSP) and Grow Your Own (GYO). Therefore, the Board received 19 ILCWSP prior year refunds and one GYO prior year refund in Fiscal Year 2017 compared to only one ILCWSP prior year refund in Fiscal Year 2018.

Academic Quality Assurance Fund (660)

Degree Granting Fees

Fees increased by \$333,100 (87%) due to a change in ownership with a large institution which resulted in a large fee deposited in Fiscal Year 2018.

BHE State Projects Fund (736)

Illinois State Board of Education (ISBE) Project Receipts

ISBE Project Receipts increased by \$77,500 (132%) due to more grant payments in Fiscal Year 2018 from those entities with a majority of the amount attributable to the ISBE's Illinois Longitudinal Data System Project and the Early Childhood grants. These amounts will fluctuate every year based on the Grant agreements with the various entities.

Illinois Network Child Care Resource and Referral Agencies (INCCRRA)

INCCRRA receipts decreased by \$10,918 (72%) in Fiscal Year 2018 due to a majority of grant funds being received in Fiscal Year 2017, per the grant agreement.

Prior Year Refunds

Prior year refunds increased by \$159,848 (2,175%) due to the Board processing prior year refunds of unused grant funds for the Independent Colleges Capital Program (ICCAP) and Illinois Network Child Care Resource and Referral Agencies (INCCRRA) grant program during Fiscal Year 2018.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017 (continued)

BHE Federal Grants Fund (983)

Receipts from Federal Government

Receipts from the federal government decreased by \$874,334 (29%) in Fiscal Year 2018 due to a decrease in federal grant funding drawn down from U.S. Department of Education for funding to various institutions for the No Child Left Behind Program. These receipts will fluctuate from year to year based on the timing and amounts of payment requests from the grantees.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

FISCAL YEAR 2019

General Revenue Fund – 001

Grow Your Own Teachers Program

The significant spending during the Lapse Period was the result of the grantees requesting their final payments at the end of the fiscal year and the related payments being processed during the Lapse Period.

FISCAL YEAR 2018

General Revenue Fund – 001

S.T.E.M. Diversity Programs (Formerly Chicago Area Health and Medical Careers Program)

The significant spending during the Lapse Period was the result of the grantees requesting their final payments at the end of the fiscal year and the payments being processed during Lapse Period.

BHE Federal Grants Fund – 983

Federal Contracts and Grants

The significant spending during the Lapse Period was the result of the grantees requesting their final payments at the end of the fiscal year and the payments being processed during Lapse Period.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Board's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Board did not have any outstanding invoices from Fiscal Year 2017 unpaid after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. Therefore, the Board did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs and did not use either its Fiscal Year 2017 or Fiscal Year 2018 appropriations to pay its Fiscal Year 2016 or Fiscal Year 2017 costs.

STATE OF ILLINOIS
 BOARD OF HIGHER EDUCATION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2019

(NOT EXAMINED)

The following table, prepared by the Board, presents the average number of employees, by function, for the Fiscal Years Ended June 30,

<u>Division</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Executive	5	6	6
External Relations	1	1	1
Academic Affairs	12	11	12
Fiscal Affairs and Budgeting	7	6	8
Information Management and Research	7	7	7
Diversity and Outreach	2	2	1
Legislative Affairs	1	1	1
 Total Average Full-Time Employees	 <u>35</u>	 <u>34</u>	 <u>36</u>

Note: During the examination period, the Board underwent organizational restructuring and no longer has separate divisions for Policy Studies or Office Administration. The numbers of employees reported above for Fiscal Year 2017 have been restated from the prior examination report for comparison purposes.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
MEMORANDUM OF UNDERSTANDING
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

During the examination period, the Board of Higher Education (Board) had a Memorandum of Understanding (MOU) with the Office of the State Comptroller (Comptroller) for the purpose of defining the roles and responsibilities between the Board and the Comptroller for directly inputting obligations and purchase orders into the Statewide Accounting Management System (SAMS). The Board's responsibilities are to enter the obligation activity into SAMS; apply the first level approval on all Board obligation activity; identify rejected obligation activity and take necessary corrective action within five working days; designate a representative to coordinate all security issues with the Comptroller Security Administrator; and, ensure proper fiscal and internal controls associated with this program are implemented within the Board.