

GOLDEN APPLE SCHOLARS OF ILLINOIS PROGRAM

AGREED-UPON PROCEDURES

For the Year Ended June 30, 2018

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

GOLDEN APPLE SCHOLARS OF ILLINOIS PROGRAM

AGREED-UPON PROCEDURES
Year Ending June 30, 2018

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AGREED-UPON PROCEDURES Year Ending June 30, 2018

Summary

The Illinois Student Assistance Commission administers the Golden Apple Scholars of Illinois Program which is managed by the Golden Apple Foundation for Excellence in Teaching (Foundation). The agreed-upon procedures report and accompanying schedule of revenues and expenditures is included herein related to this program.

Summary of Findings

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

Mr. Robert Newman, Chair of the Board of Directors and
Ms. Alicia Winckler, Chief Executive Officer
Golden Apple Foundation

As Special Assistant Accountants for the Auditor General, we have performed the procedures enumerated below, which were agreed to by the management of the Illinois Student Assistance Commission (Commission), management of the Golden Apple Scholars of Illinois Program (Program), and the Office of the Auditor General, on the Program's compliance with the Higher Education Student Assistance Act (110 ILCS 947/52) during the year ended June 30, 2018. The Commission and the Program's management are responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. We confirmed that the Foundation is registered with the Illinois Office of the Attorney General.
2. We obtained evidence that the Commission and the Foundation Boards met during the period July 1, 2017 through June 30, 2018 (FY2018). We observed that signed minutes were prepared for the following Foundation Board meetings: December 19, 2017, April 3, 2018, and June 5, 2018. We observed that signed minutes were prepared for the following Commission Board meetings: July 27, 2017, September 13, 2017, November 15, 2017, April 5, 2018, and June 14, 2018. We read the aforementioned meeting minutes.
3. We obtained a listing of participants in the program as of June 30, 2018, provided to us by the Foundation from the Foundation's "FileMaker" database, which is maintained by the Foundation's Vice President of Curriculum, Research and Accountability, and we extracted and summarized the following data:
 - a. 545 participants received scholarship funding during Fiscal Year 2018.
 - b. 448 participants were in school as of June 30, 2018.
 - c. 489 participants have completed school and are currently fulfilling their teaching requirement as of June 30, 2018.
 - d. 76 participants have not fulfilled their teaching requirement and are repaying their scholarship as of June 30, 2018.

- e. \$201,797 was collected by the Foundation during Fiscal Year 2018 on repayments of scholarships.
4. We obtained and read *23 Illinois Administrative Code Part 2764 Golden Apple Scholars of Illinois Program (Code)* outlining applicant eligibility and statutory limits on scholarship awards. We obtained the total amount of scholarships paid directly by the Commission (see Schedule A “Scholarship-ISAC”), and we obtained a detailed listing of students awarded these scholarships. This information was provided by the Commission’s Director of the Department of Program and Product Services in the Program Services and Compliance Division. From this listing we haphazardly selected 25 students who received a scholarship award. For each student selected, we obtained the student’s file from the Foundation and performed the following:
- a. Inspected the student’s application and other documents pertaining to eligibility and observed the applicant’s eligibility was supported by copies of the following, which were maintained in the file: social security card and personal information (state identification, driver’s license, or passport). No exceptions were noted.
 - b. Inspected the student’s “Program Agreement and Promissory Note” and observed the “Program Agreement and Promissory Note” was complete and signed. No exceptions were noted.
 - c. Compared the total amount of the scholarship awarded to the student to the maximum allowable scholarship as outlined in the Code. No exceptions were noted.
 - d. Compared all semester/quarter hours for scholarships awarded to the student and determined the semester/quarter hours awarded did not exceed 8 semesters or 12 quarters of scholarship assistance. No exceptions were noted.
 - e. Confirmed that the Foundation documented that the individual met the citizenship requirement. We noted the files at the Foundation did not include documentation of citizenship for the 25 students who received a scholarship award. Past policy noted that citizenship was documented by the student with their respective FAFSA form at the college/university. The Foundation updated its policies in Fiscal Year 2018 so that new scholar applicants now must include citizenship documentation with their application.
5. We obtained a listing of participants in the Program as of June 30, 2018, provided to us by the Foundation from the Foundation’s “FileMaker” database, which is maintained by the Foundation’s Vice President of Curriculum, Research and Accountability. This listing contains all students receiving scholarship assistance and indicates the county in which the student resides. The Code requires that at least 30% of students receiving scholarship assistance reside in counties having a population of fewer than 500,000. We recalculated the percentage of students receiving scholarship assistance who reside in such counties. We calculated that 31% of students reside in such counties.
6. The Vice President of Curriculum, Research and Accountability of the Foundation provided policies and procedures for monitoring the continuing eligibility of prior scholarship recipients towards the fulfillment of their teaching obligation, which we read. We obtained a listing of all scholarship recipients who have graduated from college, which includes recipients who have fulfilled their teaching requirement and recipients who have not fulfilled their teaching requirement. This listing came from the Foundation’s “FileMaker” database. From this listing:
- a. We haphazardly selected 25 recipients who have fulfilled their teaching obligation. For the selected recipients we inspected:
 - i. Signed mentoring site visit notes, which indicated that the recipient began teaching within the requisite years by policy following completion of the postsecondary education degree or certificate program for which the scholarship was awarded. No exceptions were noted.
 - ii. Signed mentoring site visit notes (verification of employment form) which supported the scholarship recipients’ fulfillment of their five-year teaching obligation. No exceptions were noted.
 - b. We 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. 15 of the 25 recipients were charged interest. Of the 10 who were not charged interest:

- i. 2 of the recipients had received Tuition Assistance prior to the transition to the Commission distributing Tuition Assistance dollars; thus, they owed and paid their outstanding loan directly to the Foundation as was appropriate. Before the Commission was instituted as the distributor of Tuition Assistance, interest was not required to be charged by the Foundation; therefore, the Foundation did not charge interest for these two.
 - ii. 7 of the recipients were never awarded Tuition Assistance as they failed to meet the requirements of the program and therefore were not eligible to receive a distribution of Tuition Assistance. Thus, these participants never received any money and nothing was due to be paid back to either the Commission or the Foundation; hence, no interest was charged.
 - iii. The last recipient exited the scholar program and is scheduled to be sent to ISAC at our next quarterly exit file submission; thus, an interest charge was not yet due or required.

7. We obtained and read the policies and procedures for obligating and spending program funds received from the Vice President of Curriculum, Research and Accountability of the Foundation. We obtained the Schedule of Program Revenues and Expenditures for the year ended June 30, 2018 (see Schedule A). We obtained the Foundation's detailed general ledger supporting non-payroll expenditures and payroll expenditures listed on Schedule A. From the detailed general ledger, we haphazardly selected a sample of 25 non-payroll expenditures and 25 payroll expenditures.
 - a. We inspected the invoice or other support for the 25 non-payroll expenditures paid by the Foundation and observed:
 - i. The expenditure was directly related to the Program as evidenced by the description on the invoice's approval form and the activity description within the invoice. No exceptions were noted.
 - ii. The invoice or other support contained required supervisor approval as outlined in the policies and procedures. There were 4 exceptions noted, where receipts could not be located for 3 credit card transactions as well as for a reimbursement for an independent contractor with the Foundation.
 - iii. The associated checks to determine if two signatures were included, as required in the policies and procedures. No exceptions were noted.
 - iv. Persons with signature authority did not approve their own expenditures. No exceptions were noted.
 - b. For the selected payroll expenditures, we:
 - i. Recalculated gross pay from pay rate authorizations in the employee's personnel file and time sheets which contained the hours worked. We agreed gross pay to the payroll register. No exceptions were noted.

8. We obtained the Schedule of Revenues and Expenditures for the year ended June 30, 2018 (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 of \$6,573,878 did not exceed the appropriation limit of \$6,573,878 as passed by the State of Illinois General Assembly. The expenditures did exceed the budgeted amount of \$4,590,500 as the budget does not include ISAC-funded scholarships totaling \$2,049,941. When considering the expenditures less the ISAC-funded scholarships, the expenditures of \$4,523,937 did not exceed the budgeted amount.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Higher Education Student Assistance Act (110 ILCS 947/52) during the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission, management of the Program, and the Office of the Auditor General and is not intended to be, and should not be, used by anyone other than the specified parties.

Signature on file

Crowe LLP

Oak Brook, Illinois
January 25, 2019

**Schedule A
Golden Apple Scholars of Illinois Program
Schedule of Revenue and Expenditures
for the Year Ending June 30, 2018**

REVENUES

Appropriation from the State	\$	6,573,878
Private Funding		206,615
Other Contract Revenue		<u>407,600</u>
Total Program Revenues	\$	<u>7,188,093</u>

EXPENDITURES

Personnel Services (Salaries and Benefits)		
Program Staff Salaries and Benefits	\$	1,449,159
Total Personnel Services (Salaries and Benefits)	\$	1,449,159
Summer Institute		
Directors	35,300	
Instructors	84,007	
Liasions	94,146	
Reflective Leaders	112,605	
Scholar Advisor	42	
Campus Visits	686	
Supplies	32,662	
Meetings	3,682	
Room & Board	792,512	
Summer Institute Transportation	140,829	
Misericordia Housing	2,000	
Contracted Services	192,622	
Total Summer Institute		1,491,093
General Summer Institute Expenses		
Outside Consultant	24,688	
Total General Summer Institute Expenses		24,688
Summer Institute Stipend		
SI Stipend	1,047,234	
Total Summer Institute Stipend		1,047,234
Office Expenses		
Program	98,128	
Total Office Expenses		98,128

Schedule A
Golden Apple Scholars of Illinois Program
Schedule of Revenue and Expenditures
for the Year Ending June 30, 2018

Recruitment and Selection Expenses		
Technology	51,395	
Recruitment and Placement Activities and Travel	21,121	
Scholars Induction	42,004	
Scholar Meeting & Travel	16,721	
Scholars Interview & Selection Process	15,999	
Scholars Program Overview	15,805	
Total Recruitment and Selection Expenses		163,045
Alumni Relations		
Alumni Travel/Meetings		
Alumni Events	1,593	
Technology	828	
Total Alumni Relations	13,800	16,221
Mentoring and Advising		
Technology	3,201	
Scholars Meeting Expenses	21,048	
Golden Apple Teaching Scholarship		
Advisement Program for Teaching Scholars	137,684	
Golden Apple Teaching Scholarship Classroom Supplies	6,827	
Total Mentoring and Advising		168,760
Indirect Cost		
Indirect Cost	65,609	
Total Indirect Cost		65,609
Scholarships Paid		
Scholarship-ISAC	2,049,941	
Total Scholarships Paid		2,049,941
Total Expenditures		<u>6,573,878</u>
Revenues in Excess of Expenditures		<u>\$ 614,215</u>