

**REPORT DIGEST**

**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AND COMPLIANCE AUDIT  
(In accordance with the Federal Single Audit Act  
of 1984 and OMB Circular A-133)  
FOR THE TWO YEARS ENDED JUNE 30, 1993**

{Expenditures and Activity Measures are summarized on the reverse page.}

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **IMPROVING ACCOUNTABILITY OVER LOCALLY HELD FUNDS**

The Academy could improve its fiscal and reporting practices by adopting provisions of the University Guidelines.

The Academy is an advanced institution of secondary education similar in operation to a university, and we believe it could improve accountability over its Locally Held Fund by implementing the University Guidelines adopted by the State Universities and the Legislative Audit Commission in 1982. The University Guidelines were adopted to improve and codify the fiscal practices of the State's public universities especially in the administration of locally held funds.

The Academy's current practices for operating its Locally Held Fund do not follow at least four of the University Guidelines' specific provisions:

- First** - The Academy did not establish accounting records or entities for each of its special programs. Both a summer program and a testing program are unique activities which would benefit from the maintenance of separate accounting records and from the preparation of financial statements for each entity.
- Second** - The Academy made a subsidy of State appropriated funds to the summer program. The fee receipts of \$146,000 did not cover the actual related expenditures of \$253,000 which resulted in a \$107,000 deficit for the program. The \$107,000 deficit was paid by subsidies from the State appropriated General Revenue Fund and the Education Assistance Fund.
- Third** - The Academy did not exhaust other available funds before making expenditures from State appropriations. The Academy retained \$115,000 in its Locally Held Fund while charging \$222,000, or the majority of the summer program expenditures, to State appropriated funds. Expenditures from appropriations generally should be made for special programs of this type only when other funds are exhausted, and they should be fully reimbursed to the source from which paid.
- Fourth** - The Academy did not remit excess funds to the State Treasurer for its testing program. For fiscal years 1992 and 1993, the testing program recorded receipts of \$78,000 and \$65,000 in expenditures, and retained \$13,000 in the Locally Held Fund. The Academy apparently needs only to retain about \$5,000 in the testing program accounting entity so that it may purchase tests and supplies. The remaining \$8,000 would be considered excess funds which the University Guidelines would require to be remitted to the State Treasurer for deposit into the State appropriated IMSA Income Fund as established in the State Finance Act. (Finding 1, page 13)

We recommended the Academy implement the specific provisions of the University Guidelines in the operations of its Locally Held Fund by:

- First** - Establishing accounting entities for each of its special programs;
- Second** - Not making a subsidy of State appropriated funds to the summer program;

- Third - Exhausting other available funds before making expenditures from State appropriations for its summer program; and,

- Fourth - Remitting any excess funds not necessary for future operations which remain from its testing program to the State Treasurer.

Academy officials disagreed with the finding and stated the Academy has not adopted the standards outlined in the University Guidelines for administering the Locally Held Fund. However, the Academy has accepted the first and third recommendations. It does not plan to implement the second and fourth recommendations. The Academy states it has established separate accounting entities for the summer and testing programs. Monies received from these programs will first be used to pay for the program expenses. If additional amounts are needed, they will be paid out of appropriated funds. However, Academy officials state that appropriated monies used will not be reimbursed to the appropriated fund as these special programs assist in fulfilling the expressed purposes for which the Academy was created. State statute dictates which types of receipts may be retained locally by the Academy, and the Academy believes that it has not violated this State statute. The Locally Held Fund is used to pay for certain student activities and other items not included in any of the Academy's three appropriated funds. Remitting excess funds from the testing program to the State Treasurer would not benefit the students, according to the Academy's response.

### **OTHER FINDINGS**

The remaining findings are less significant and have been given appropriate attention by the Academy. We will review the Academy's progress towards the implementation of our recommendations in our next compliance audit.

Mr. Gregg Worrell, Director of Business and Finance, provided the Academy's responses.

### **AUDITORS' OPINION**

Our auditors stated the June 30, 1993 financial statements of the Academy are fairly presented.

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WILLIAM G. HOLLAND, Auditor General

WGH:KMM:pp

## **SUMMARY OF AUDIT FINDINGS**

Number of This Audit Prior Audit

Audit findings 6 10

Repeated audit findings 1 1

Prior recommendations implemented  
or not repeated 9 13

## **SPECIAL ASSISTANT AUDITORS**

Duffner & Company were our special assistant auditors for this audit.

**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**FOR THE TWO YEARS ENDED JUNE 30, 1993**

<b>CURRENT FUND OPERATIONS (ACCRUAL BASIS)</b>	<b>FY 1993</b>	<b>FY 1992</b>
<b>REVENUES AND OTHER ADDITIONS</b>		
State Support	\$11,265,768	\$11,458,778
Student Activity Fees	409,077	494,902
Federal Grants	108,787	31,776
Other Sources	<u>778,513</u>	<u>513,958</u>
<b>Total</b>	<b><u>\$12,562,145</u></b>	<b><u>\$12,499,414</u></b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Instruction	\$ 3,656,900	\$ 3,546,500
Support Services	<u>8,935,562</u>	<u>9,043,991</u>
<b>Total</b>	<b><u>\$12,592,462</u></b>	<b><u>\$12,590,491</u></b>
<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1993</b>	<b>FY 1992</b>
Cash and Investments	\$1,440,367	\$1,316,318
Campus Plant Facilities	\$43,658,425	\$41,709,412
Accrued Compensated Absences	\$598,537	\$486,311
Expenditures from State Appropriations (Cash Basis)	\$11,481,104	\$11,527,342
Employees	<u>205</u>	<u>202</u>
Students	<u>629</u>	<u>646</u>
Costs Per Student (Instruction Costs Only)	<u>\$5,813</u>	<u>\$5,489</u>
<b>ACADEMY EXECUTIVE DIRECTOR</b>		
During Audit Period: Dr. Stephanie P. Marshall Currently: Dr. Stephanie P. Marshall		