



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE BOARD OF EDUCATION**

**Financial Audit  
 For the Year Ended June 30, 2023**

**Release Date: March 14, 2024**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>No Repeat Findings</b>			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 3</b>							

**SYNOPSIS**

- (23-01) The Illinois State Board of Education had not implemented adequate controls over its service providers.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**ILLINOIS STATE BOARD OF EDUCATION  
FINANCIAL AUDIT  
For the Year Ended June 30, 2023**

FINANCIAL INFORMATION - Governmental funds (in thousands)	FY 2023	FY 2022
<b>PROGRAM REVENUES</b>		
Charges for services.....	\$ 5,920	\$ 5,171
Operating grants.....	4,826,146	4,750,069
Total Program Revenues.....	<u>4,832,066</u>	<u>4,755,240</u>
<b>EXPENDITURES</b>		
Program.....	14,655,605	14,051,930
Debt service.....	2,382	2,067
Capital outlay.....	3,643	3,751
Total Expenditures.....	<u>14,661,630</u>	<u>14,057,748</u>
<b>GENERAL REVENUES.....</b>	<u>742</u>	<u>1,125</u>
<b>OTHER SOURCES (USES)</b>		
Appropriations from State resources.....	10,085,827	9,659,494
Lapsed appropriations.....	(42,907)	(53,396)
Receipts collected and transmitted to State Treasury.....	(35,949)	(44,831)
Reappropriations.....	(191,966)	(235,393)
Amount of SAMS Transfers-out.....	54	3
Transfers-in.....	0	98
Lease financing.....	0	73
Net Other Sources (Uses) of Financial Resources.....	<u>9,815,059</u>	<u>9,326,048</u>
Net change in fund balance.....	(13,763)	24,665
Fund balance (deficit) July 1, as restated.....	<u>(978,717)</u>	<u>(1,003,027)</u>
Changes in inventories.....	(334)	(355)
Fund balance (deficit) June 30.....	<u>\$ (992,814)</u>	<u>\$ (978,717)</u>
<b>Governmental Funds Balance Sheet (In Thousands)</b>		
	<b>FY 2023</b>	<b>FY 2022</b>
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 49,691	\$ 57,610
Accounts receivable (includes State and other governments).....	972,410	1,112,546
All other assets.....	193,638	152,256
Total Assets.....	<u>\$ 1,215,739</u>	<u>\$ 1,322,412</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Accounts payable and accrued liabilities.....	\$ 77,508	\$ 77,224
Due to others (includes other governments and State funds).....	2,018,047	2,044,759
Unearned revenue.....	923	1,043
Unavailable revenue.....	112,075	178,103
Total Liabilities and Deferred Inflows of Resources.....	<u>2,208,553</u>	<u>2,301,129</u>
<b>FUND BALANCE (DEFICIT)</b>	<u>\$ (992,814)</u>	<u>\$ (978,717)</u>
<b>STATE SUPERINTENDENT OF EDUCATION</b>		
Through January 31, 2023: Dr. Carmen I. Ayala		
February 1-22, 2023: Interim State Superintendent of Education Krish Mohip		
Effective February 23, 2023 and Currently: Dr. Tony Sanders		

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROLS OVER SERVICE PROVIDERS**

The Illinois State Board of Education (Agency) had not implemented adequate controls over its service providers.

The Agency utilized service providers for hosting services, credit card processing, and software as a service. The auditors tested seven service providers and noted:

- A requirement for a SOC report was not outlined in either a contract, or an addendum to a purchase order, for six (86%) service providers.
- The Complementary User Entity Controls specific to each SOC report were not adequately reviewed by the Agency for seven (100%) service providers.
- The deviations noted within one SOC report were not adequately reviewed by the Agency for one (14%) service provider.
- The period covered by the SOC report for one (14%) service providers was not through the end of the audit period. Additionally, no additional bridge letter was obtained.
- The period covered by the SOC report for one (14%) service provider, as well as the subsequent bridge letter obtained, did not cover the entire audit period.
- An appropriate SOC report was not received for one (14%) service provider, thus an adequate review of the testing performed by the service provider auditor could not be performed. (Finding 1, pages 57-58).

**Agency controls were not adequately reviewed for 100% System and Organization Controls reports tested**

**Agency did not adequately review weaknesses of one service provider**

**SOC reports and bridge letters did not cover the entire audit period**

**A SOC report was not obtained for one service provider**

The auditors recommended the Agency:

- Obtain and review SOC reports or conduct independent internal control reviews at least annually.
- Develop and implement procedures for ensuring a SOC report requirement is present in a contract or within an addendum to a purchase order.
- Monitor and adequately document the operation of the CEUCs related to the Agency's operations.
- Conduct an analysis to determine the impact of noted deviations to the Agency's operations.
- Develop and implement procedures for ensuring SOC reports and/or corresponding bridge letters cover the entire audit period.

**Agency agreed**

The Agency agreed with the finding and stated an employee has received basic training related to obtaining and reviewing SOC reports and Bridge Letters. The Agency also responded it will seek out more advanced training for the employee

responsible for SOC reviews and it will continue to assess and modify the SOC review process to ensure data security and to meet compliance requirements.

We will review the Agency's progress towards the implementation of our recommendations in our next financial audit.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2023 are fairly stated in all material respects.

This financial audit was conducted by Sikich LLP.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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